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THE WORLD COURT

1922 - 1928

THE YEAR BOOK OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

By MANLEY O. HUDSON
Bemis Professor of International Law in Harvard Law School

ACCOMPANIED BY ESSENTIAL DOCUMENTS CONCERNING THE COURT AND AMERICAN ADHESION THERETO

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THE WORLD COURT

1922 TO 1928

YEAR BOOK OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

By Manley O. Hudson

ORIGINS OF THE WORLD COURT

THE idea of a world court to which nations might carry their differences for judicial settlement dates back for many centuries. A Frenchman, Pierre Dubois, suggested it in 1305; and another Frenchman, Emeric Crucé, published a book in 1623 which gave it definition and direction.[1] But it was not until the nineteenth century that it became a matter of practical consideration by statesmen and students of international relations.

The conspicuous successes in international arbitration during the latter half of the last century, and more particularly the success of the Geneva Arbitration between the United States and Great Britain in 1872, gave a big impetus to the movement for establishing an international court. David Dudley Field espoused the idea in his "Outline of an International Code," first published in 1872. And in 1897 President McKinley stated in his first inaugural address that the leading feature of American foreign policy throughout

[1] Emeric Crucé, *Le Nouveau Cynée.* Crucé's book has been translated into English by Thomas Willing Balch under the title of *The New Cyneas* (Philadelphia, 1909). See also Vesnich, *Deux Précurseurs Français du Pacifisme*, 1911, p. 29.

our entire national history had been our insistence on "the adjustment of difficulties by judicial methods rather than by force of arms."

The Permanent Court of Arbitration

The American delegation to the first Hague Conference in 1899 was instructed by President McKinley and Secretary Hay to act upon "the long-continued and widespread interest among the people of the United States in the establishment of an international court," and to propose a plan for an international tribunal to which the nations might submit "all questions of disagreement between them, excepting such as may relate to or involve their political independence or territorial integrity." The Hague Conference modified the American plan which was submitted, and drew up a Convention for the Pacific Settlement of International Disputes, under which there was established the Permanent Court of Arbitration.[1] In its final report, the American delegation expressed the opinion that this Permanent Court of Arbitration was "a thoroughly practical beginning" which would "produce valuable results from the outset," and would serve as the "germ out of which a better and better system will be gradually evolved." This "court" was organized in 1900, and in 1902 President Roosevelt succeeded in having the first case submitted to it — the Pius Fund Case between the United States and Mexico. Since its organization, eighteen cases have been handled with success by the tribunals of this Permanent Court of Arbitration.[2]

[1] See Scott, *The Hague Peace Conferences*, Vol. II, p. 14.

[2] For the constitution of the Permanent Court of Arbitration, see chapter II of the First Hague Convention of 1907, in Scott, *Hague Conventions and Declarations of 1899 and 1907*, p. 57 ff. For the texts of opinions rendered, see *The Hague Court Reports*, published by the Carnegie Endowment for International Peace in 1916 and 1921; Wilson, *Hague Cases* (1915). A list of the members of the Permanent Court of Arbitration is published periodically by the secretary-general.

Proposed Permanent Court of Arbitral Justice

But the Permanent Court of Arbitration is in fact not permanent and not a court. It is a panel, now containing the names of about 150 men; four members may be appointed by each state. It never meets. It merely serves as a group from which contending states may choose their arbiters for particular disputes to be arbitrated according to the procedure of the Hague Convention for the Pacific Settlement of International Disputes.[1] Thus it has long been deemed inadequate.

In 1907, the American delegates to the second Hague Conference were instructed by President Roosevelt and Secretary Root to work for the development of the Permanent Court of Arbitration "into a permanent tribunal composed of judges who are judicial officers and nothing else, who are paid adequate salaries, who have no other occupation, and who will devote their entire time to the trial and decision of international causes by judicial methods and under a sense of judicial responsibility." Earnest efforts to this end were made by the American delegation, with the support of the British and German delegations throughout; but they met with very incomplete success. For though the conference succeeded in agreeing on the general plan of a new Permanent Court of Arbitral Justice, no agreement could be reached on the method of choosing the judges. The competition between the equality of states on the one hand and the political dominance of the Great Powers on the other hand, created an impossible deadlock; and the conference adjourned without surmounting it. Yet the American delegation felt encouraged to report that "the foundations of a Permanent Court have been broadly and firmly laid. . . . A little time, a little patience, and the great work is accomplished."[2]

The plan drawn up at the second Hague Conference was

[1] In the recent Norwegian-American arbitration, the members of the tribunal were not chosen from the panel called the Permanent Court of Arbitration.

[2] See the report in Sen. Doc. No. 444, 60th Cong., 1st sess., at p. 58.

never put into force. Secretary Bacon made an effort in 1909 to have the proposed International Prize Court invested with the functions of the Permanent Court of Arbitral Justice, and his efforts were continued by Secretary Knox; but without success.[1]

The Permanent Court of International Justice

The world thus came to 1914 with no general machinery for handling international disputes except the Permanent Court of Arbitration. At the end of the World War, it was generally taken for granted that a new court would be established. The Italian delegation at the Peace Conference put forward a proposal to this end, following very closely the earlier Hague Conventions on the Pacific Settlement of International Disputes. But the time was so short and the problems of the peace were so pressing that no attempt was made to agree upon a definite plan, and the Peace Conference contented itself with drawing up Article 14 of the Covenant of the League of Nations.

The Council of the League lost no time in carrying out the mandate given to it by Article 14. At its second session in February, 1920, the Council invited a group of distinguished jurists to frame a plan for the new Court. This commission was composed of the following: Adatci (Japan), Altamira (Spain), Descamps (Belgium), Fernandes (Brazil), Hagerup (Norway), de Lapradelle (France), Loder (Netherlands), Phillimore (Great Britain), Ricci-Busatti (Italy) and Root (United States). It met at The Hague from June 16 to July 24, 1920. On the suggestion of Mr. Root, it decided to adopt as a basis of discussion the plan for a Permanent Court of Arbitral Justice drawn up at the second Hague Conference; and it was at Mr. Root's suggestion, also, that the difficulties with reference to electing the judges were surmounted by resorting to the compromise which had already been reached between the large and small powers in setting up the Council and Assembly of the League.

[1] See 4 *American Journal of International Law*, Sup., p. 102.

The project of the Commission of Jurists was submitted to the Council of the League of Nations at San Sebastian on August 5, 1920. It was debated for several months in both the Council and the Assembly, and after a number of amendments had been agreed upon, it was finally adopted by the Assembly on December 13, 1920, as follows:[1]

1. The Assembly unanimously declares its approval of the draft Statute of the Permanent Court of International Justice — as amended by the Assembly — which was prepared by the Council under Article 14 of the Covenant and submitted to the Assembly for its approval.

2. In view of the special wording of Article 14 the Statute of the Court shall be submitted within the shortest possible time to the Members of the League of Nations for adoption in the form of a protocol duly ratified and declaring their recognition of this Statute. It shall be the duty of the Council to submit the Statute to the Members.

3. As soon as this protocol has been ratified by the majority of the Members of the League, the Statute of the Court shall come into force and the Court shall be called upon to sit in conformity with the said Statute in all disputes between the Members or states which have ratified, as well as between the other states, to which the Court is open under Article 35, paragraph 2, of the said Statute.

4. The said Protocol shall likewise remain open for signature by the states mentioned in the Annex to the Covenant.

A protocol of signature was opened on December 16, 1920, and the project for the Court approved by the Council and Assembly was annexed to it as a Statute. This protocol constitutes an independent treaty which has now been signed by 52 states, of which 40 have ratified. The statute came into force in September, 1921, when the Protocol had been ratified by 28 states.

The first election of judges was held on September 14–16, 1921, and the Court thereupon came into being. A first (preliminary) session was held at The Hague, from January 30 to March 24, 1922; officers were elected, the organization was completed, and rules of procedure were promulgated. On May 12, 1922, a resolution was adopted

[1] League of Nations, *Official Journal*, Spec. Sup., January, 1921, p. 23.

by the Council,[1] which allows all states to have access to the Court on equal terms, regardless of membership in the League of Nations as follows:

The Council of the League of Nations,

In virtue of the powers conferred upon it by Article 35, par. 2, of the Statute of the Permanent Court of International Justice, and subject to the provisions of that article,

Resolves:

(1) The Permanent Court of International Justice shall be open to a state which is not a Member of the League of Nations or mentioned in the Annex to the Covenant of the League, upon the following condition, namely: that such state shall previously have deposited with the Registrar of the Court a declaration by which it accepts the jurisdiction of the Court, in accordance with the Covenant of the League of Nations and with the terms and subject to the conditions of the Statute and Rules of Procedure of the Court, and undertakes to carry out in full good faith the decision or decisions of the Court and not to resort to war against a state complying therewith.

(2) Such declaration may be either particular or general.

A particular declaration is one accepting the jurisdiction of the Court in respect only of a particular dispute or disputes which have already arisen.

A general declaration is one accepting the jurisdiction generally in respect of all disputes, or of a particular class or classes of disputes which have already arisen or which may arise in the future.

A state, in making such a general declaration, may accept the jurisdiction of the Court as compulsory, *ipso facto*, and without special convention, in conformity with Article 36 of the Statute of the Court; but such acceptance may not, without special convention, be relied upon as regards Members of the League of Nations or states mentioned in the Annex to the Covenant which have signed or may hereafter sign the "optional clause" provided for by the additional protocol of December 16, 1920.

(3) The original declarations made under the terms of this resolution shall be kept in the custody of the Registrar of the Court. Certified true copies thereof shall be transmitted, in accordance with the practice of the Court, to all Members of the League of Nations and states mentioned in the Annex to the Covenant, and to such other states as the Court may determine, and to the Secretary-General of the League of Nations.

[1] League of Nations, *Official Journal*, III, 526 and 609. The resolution was passed subject to certain amendments proposed by the representative of France, which, however, have not been reported to the Council in textual form.

The United States is mentioned in the Annex to the Covenant.

(4) The Council of the League of Nations reserves the right to rescind or amend this resolution by a resolution which shall be communicated to the Court; and on the receipt of such communication by the Registrar of the Court, and to the extent determined by the new resolution, existing declarations shall cease to be effective except in regard to disputes which are already before the Court.

(5) All questions as to the validity or the effect of a declaration made under the terms of this resolution shall be decided by the Court.

CHRONOLOGY OF THE WORLD COURT

Preliminary Business

Year	Date	Subject
1920	February 13	The Council of the League of Nations set up a Committee of Jurists to draft the Statute of a Court.
	June 16	The Committee of Jurists met at The Hague.
	December 13	Draft Statute as amended approved by First Assembly of the League of Nations.
	December 16	Statute annexed to a special treaty, called the Protocol of Signature, opened for signature subject to ratification.
1921	September 16	The first election of Judges by the Council and Assembly of the League of Nations completed.
1922	March 24	Rules of Court promulgated.

Sessions of the Court

Year	Dates of Sessions	Name of Sessions	Judgments	Orders	Advisory Opinions
1922	January 30–March 24	Preliminary	–	–	–
	June 15–August 12	First (ordinary)	–	–	First Second Third
1923	January 8–February 7	Second (extraordinary)	–	–	Fourth
	June 15–September 15	Third (ordinary)	First	–	Fifth Sixth Seventh
	November 13–December 6	Fourth (extraordinary)	–	–	Eighth

1924	June 16–September 14	Fifth (ordinary)	Second Third	–	Ninth
1925	January 12–March 26	Sixth (extraordinary)	Fourth Fifth	–	Tenth
	April 14–May 16	Seventh (extraordinary)	–	–	Eleventh
	June 15–August 25	Eighth (ordinary)	Sixth	–	–
	October 22–November 21	Ninth (extraordinary)	–	–	Twelfth
1926	February 5–May 25	Tenth (extraordinary)	Seventh	–	–
	June 15–July 23	Eleventh (ordinary)	–	–	Thirteenth
1927	June 15–December 16	Twelfth (ordinary)	Eighth Ninth Tenth Eleventh	Four	Fourteenth
1928	February 6–	Thirteenth (extraordinary)	–	–	–

JUDGMENTS AND ORDERS[1]

ANALYTICAL INDEX

Series A[2]

No.	Parties	Subject	Date Rendered
1	Great Britain, France, Italy and Japan; Poland, intervener — Germany	S. S. *Wimbledon;* freedom of Kiel Canal	Aug. 17, 1923
2	Greece — Great Britain	Mavrommatis Palestine Concessions	Aug. 30, 1924
3	Bulgaria, Greece (summary procedure)	Treaty of Neuilly, Art. 179, Annex, par. 4 (interpretation)	Sept. 12, 1924
4	Bulgaria, Greece (summary procedure)	Interpretation of Judgment No. 3	Mar. 26, 1925
5	Greece — Great Britain	Mavrommatis Jerusalem Concessions	Mar. 26, 1925
6	Germany — Poland	German interests in Polish Upper Silesia	Aug. 25, 1925
7	Germany — Poland	German Interests in Polish Upper Silesia (The Merits)	May 25, 1926
8	Belgium — China	Application instituting proceedings on denunciation of the treaty of November 2, 1865	Orders of Court: Jan. 8, Feb. 15, June 18, 1927
9	Germany — Poland	(Judgment No. 8) Factory at Chorzów (Claim for Indemnity) (Jurisdiction)	July 26, 1927
10	France — Turkey	(Judgment No. 9) S. S. *Lotus*	Sept. 7, 1927
11	Greece — Great Britain	(Judgment No. 10) Readaptation of the Mavrommatis Jerusalem Concessions (Jurisdiction)	Oct. 10, 1927
12	Germany — Poland	Factory at Chorzów (Indemnities). Request of German Government for interim measure of protection	Order of Court: Nov. 21, 1927
13	Germany — Poland	(Judgment No. 11) Interpretation of Judgments Nos. 7 and 8 concerning the case of the Factory at Chorzów	Dec. 16, 1927

[1] Reprinted from *American Bar Association Journal*, February, March, April and December, 1924; May, 1925; January, 1926; January and March, 1928.

Official publications of the Permanent Court of International Justice are obtainable from World Peace Foundation, 40 Mt. Vernon Street, Boston, Mass.

[2] The judgments and orders are printed in Series A of the publications of the Court

JUDGMENT NO. 1 — CASE OF THE S. S. *WIMBLEDON*, ON THE FREEDOM OF THE KIEL CANAL[1]

Article 380 of the treaty of Versailles of June 28, 1919, forbids Germany's applying to the Kiel Canal a neutrality order which would close the canal to a British vessel under French charter carrying munitions to Danzig for transshipment to Poland during a war between Poland and Russia.

On January 16, 1923, the British, French, Italian and Japanese Governments made "application" to the Permanent Court of International Justice asking for judgment whether the German Government "is present or absent," that "the German authorities wrongfully refused on March 21, 1921, free access to the Kiel Canal of the steamship 'Wimbledon,'" and that reparation be awarded for the loss incurred by the *Wimbledon*. The application set forth the provision in the treaty of Versailles (Art. 380) that "The Kiel Canal and its approaches shall be maintained free and open to the vessels of commerce and war of all nations at peace with Germany on terms of entire equality." To vest jurisdiction in the Court, the applicant powers relied on Article 386 of the treaty of Versailles, though Germany seems to have been entirely willing to go before the Court and did not at any time contest the jurisdiction.[2]

The Court was seised of the case when it met on June 15, 1923. Under Article 31 of the Court Statute, a German national, Professor Walter Schücking of the University of Berlin, had been named by Germany to sit as a judge *ad hoc*. On June 28, Poland's application to "intervene" was approved. The applicant powers had submitted a *case* on March 17; Germany a *counter-case* on April 20; the applicants a *reply* on May 18; and Germany a *rejoinder* on June 15. Between July 5 and July 10 oral arguments were heard by the agents of each of the six powers that were parties,

[1] Reported in Publications of the Permanent Court of International Justice, Series A, No. 1, and Series C, No. 3, Vols. I and II and Additional Volume.

[2] See 18 *American Journal of International Law*, p. 11.

the German agent speaking in the German language and the other agents speaking in French or English.

The facts were admitted, though there was some controversy as to whether Poland and Russia were still at war on March 21, 1921, when the *Wimbledon* was excluded from the Kiel Canal. The chief problem related to the construction to be placed on Article 380 of the treaty of Versailles. In the judgment handed down on August 17, 1923, the Court found "that the terms of Article 380 are categorical and give rise to no doubt." The conclusion followed "that the canal has ceased to be an internal and national navigable waterway, the use of which by vessels of states other than the riparian state is left entirely to the discretion of that state, and that it has become an international waterway intended to provide under treaty guaranty easier access to the Baltic for the benefit of all nations of the world." Hence the Court found Germany under an obligation to keep the Kiel Canal "open, on a footing of equality, to all vessels, without making any distinction between war vessels and vessels of commerce, but on one express condition, namely, that these vessels must belong to nations at peace with Germany."

The Court referred to the "precedents afforded by the Suez and Panama Canals" which in its opinion "invalidate in advance the argument that Germany's neutrality would have necessarily been imperilled if her authorities had allowed the passage of the *Wimbledon*." The Canal has become so "assimilated to natural straits" that even "the passage of a belligerent man-of-war does not compromise the neutrality of the sovereign state under whose jurisdiction the waters in question lie." It was not necessary to say whether the war between Poland and Russia had terminated, for in any case Germany had a duty by treaty to allow the *Wimbledon* to pass. Her refusal was therefore wrongful, and Germany "is responsible for the loss occasioned by this refusal and must compensate the French Government" acting on behalf of the French firm of

charterers. The amount of compensation awarded was 140,749.35 francs, as against 165,749.35 francs claimed.

Three of the judges dissented, including the German national judge. Judges Anzilotti (Italy) and Huber (Switzerland) thought that the "legal status of the Kiel Canal resembles that of the internal navigable waterways of international concern"; that Germany's obligation to maintain the Canal free and open "does not exclude her right to take the measures necessary to protect her interests as a belligerent or neutral power"; and that Germany's neutrality regulation in this case was not "an arbitrary act calculated unnecessarily to impede traffic." Judge Schücking (Germany) thought that a servitude had been imposed on the Kiel Canal, which called therefore for a restrictive interpretation; and in this case the passage of the *Wimbledon* would not have been "compatible with Germany's duties as a neutral toward Russia."

The decision is a notable one for several reasons. It was the first contested case to come before the Permanent Court of International Justice. It was the first case in which a specially chosen national judge participated. It will constitute for the future a valuable addition to international law as to the Kiel Canal and as to the use of all interoceanic canals in time of war.

The German Government applied to the Reparation Commission on October 5, 1923, for "its consent to the payment of the damages fixed by the Court. On November 10, a reply in the negative was received, which the German Minister at The Hague communicated to the Registrar of the Court on December 6, 1923." [1]

[1] *Annual Report of the Permanent Court of International Justice (January 1st, 1922–June 15th, 1925)*, Series E, No. 1, p. 168.

JUDGMENT NO. 2 — THE MAVROMMATIS PALESTINE CONCESSIONS[1]

Under the mandate for Palestine, the Court has jurisdiction of a case brought by Greece against Great Britain, notwithstanding the latter's objection.

On May 13, 1924, the Minister of the Greek Republic at The Hague filed with the Registrar of the Permanent Court of International Justice an application instituting a proceeding against the British Government, seeking a declaration that the Government of Palestine and consequently the Government of His Britannic Majesty had wrongfully refused to recognize rights possessed by a Greek subject, Mavrommatis, and praying a judgment for £234,000, with interest, as damages for the injury suffered. The Greek Government relied on Art. 26 of the British Mandate of Palestine,[2] by which the mandatory agreed that any dispute with a Member of the League of Nations relating to the interpretation or application of the provisions of the mandate, if it could not be settled by negotiation, should be submitted to the Permanent Court of International Justice. On May 23, the Greek Government filed its case. The Greek Government designated M. Caloyanni to act as national judge, since no Greek national is included among the regular judges of the Court.

On June 3, 1924, the British Government informed the Court of its preliminary objection that the Court had no jurisdiction to entertain the proceedings, and formal objection to that effect was filed on June 16, together with the British Government's preliminary counter-case. On June 30, the Greek agent filed a reply to the British preliminary counter-case concerning the Court's jurisdiction, requesting that the Court dismiss the British objection and reserve the suit for judgment on its merits. On July 15 and 16, oral arguments were addressed to the Court in public session by

[1] Reported in Publications of the Permanent Court of International Justice, Series A, No. 2, and in Series C, No. 5, Vol. I.

[2] League of Nations, C. 529, M. 314. 1922. VI.

Professor Politis, counsel for the Greek Government, and by Sir Cecil J. B. Hurst, K.C.B., K.C., agent for the British Government. On August 30, 1924, the Court handed down an opinion upholding the British contention in part, but dismissing it in part, and reserving the latter part of the suit for judgment on the merits. From this opinion, Lord Finlay and Judges Moore, de Bustamante, Oda and Pessoa dissented. So that it is by a vote of seven to five that the Court took jurisdiction of a part of the Greek case and instructed the President to fix the times for deposit of further documents of the written proceedings in accordance with Art. 33 of the Rules of Court.

The alleged Mavrommatis concessions relate to public utilities in Palestine and antedate the present régime in that country. They fall into three groups: the first group, relating to the construction and operation of electric tramways and to the supply of electric light and power and of drinking water in the city of Jerusalem, were definitely concluded with the Turkish authorities on January 27, 1914, and some steps had been taken toward realizing their purpose. The second group, relating to the construction and operation of electric tramways and the supply of electric light and power and of drinking water in the city of Jaffa as well as to the irrigation of the gardens of Jaffa from the waters of El-Hodja, depended on the effect of certain agreements of January 27, 1914, which were alleged to have been converted into concessions on January 28, 1916, though without the confirmation then required by Ottoman law. The third group, relating to the irrigation of the Jordan valley, depended on a verbal agreement of 1911 which was never confirmed by a definitive contract owing to the outbreak of war which prevented the assembling of the Parliament. The claim as to this third group was abandoned by the Greek Government in the case which it presented.

By Art. 36 of its Statute, the Court has jurisdiction to hear and determine "all cases which the parties refer to it and all matters specially provided for in treaties and con-

ventions in force." It was agreed in this case that the British Mandate for Palestine, which was conferred on the British Government by the Council of the League of Nations on July 24, 1922, and which came into force on September 29, 1923, falls into the category of such treaties and conventions, and the British Government did not impeach the method by which the proceedings were initiated. The mandate provides (Art. 26):

> The Mandatory agrees that, if any dispute whatever should arise between the Mandatory and another Member of the League of Nations relating to the interpretation or the application of the provisions of the mandate, such dispute, if it can not be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by Art. 14 of the Covenant of the League of Nations.

Three questions arose, therefore, with regard to the Court's exercise of jurisdiction: (1) Had a dispute arisen between Great Britain as mandatory and another Member of the League of Nations? (2) If so, has it proved to be a dispute which "can not be settled by negotiation?" And (3) does the dispute relate "to the interpretation or the application of the provisions of the mandate?" In addressing itself to these questions, the Court was mindful of the fact "that its jurisdiction is limited, that it is invariably based on the consent of the respondent and only exists in so far as this consent has been given."

The Court answered the first question in the affirmative. While this case was originally a dispute between Mavrommatis and Great Britain, it "entered the domain of international law and became a dispute between two states" when the Greek Government took up the case. "By taking up the case of one of its subjects and by resorting to diplomatic action or international judicial proceedings in its own behalf, a state is in reality asserting its own rights."

The Court then proceeds to answer the second question in the affirmative. The Court recognizes "that before a dispute can be made the subject of an action at law, its subject matter should have been clearly defined by means of diplomatic negotiations." Certain correspondence had

taken place, which the Court finds to amount to fruitless negotiations. It was thought by some members of the Court that these communications were too few, too brief and too informal to be called negotiations. But in the opinion of the majority "negotiations do not of necessity always presuppose a more or less lengthy series of notes and dispatches." The correspondence between Mavrommatis and the British Government had defined the points at issue, and after that "it would be incompatible with the flexibility which should characterize international relations to require the two Governments to reopen a discussion which has in fact already taken place."

The Court then proceeded to inquire whether the dispute "falls to be decided by application of the clauses of the mandate." It was unwilling to say that mere reliance by the Greek Government on the terms of the mandate gave the dispute such character. Here the Tunis-Morocco opinion was carefully distinguished. The Court proceeded to a critical examination of Art. 11 of the mandate, on which the Greek Government was relying. The Mavrommatis concessions do not come under Art. 11, but the question arose whether certain other concessions, covering at least a part of the same ground, were violative of rights possessed by Mavrommatis. A connection between the two sets of concessions had been admitted by the British suggestion to Mavrommatis that he come to some understanding with Rutenberg and with the Zionist Organization. The Court found that the Rutenberg concessions fall within the scope of Art. 11 of the mandate. But that article conferred a power on the Palestine Administration only "subject to any international obligations accepted by the mandatory." This called for a consideration of the Protocol annexed to the treaty of Lausanne, of July 24, 1923.[1] This protocol was brought into force on August 6, 1924, during the period of the Court's deliberations on this case. It prescribes the recognition of all concessions that had been created by the

[1] *Protocol relating to Certain Concessions granted in the Ottoman Empire* . . . League of Nations, *Treaty Series*, XXVIII, p. 204.

Turkish authorities prior to October 29, 1914. This provision is sufficient to bring the first group of Mavrommatis concessions (the Jerusalem concessions) under Art. 11 of the mandate, so as to confer jurisdiction on the Court, since these concessions were concluded prior to that date. But it does not similarly place the second group of concessions (the Jaffa concessions) within the reach of Art. 11, for they are subsequent to October 29, 1914. Whether the protocol keeps alive the Jaffa concessions is not a question for the Court to determine, for "the Court is not competent to interpret and apply, upon a unilateral application, that protocol as such, for it contains no clause submitting to the Court disputes on this subject."

The Court therefore concluded that the dispute as to the Jerusalem concessions had to be decided on the basis of Art. 11 of the mandate and hence fell into the category of disputes for which Great Britain has accepted the compulsory jurisdiction of the Court; but that the dispute as to the Jaffa concessions had no connection with Art. 11 of the mandate and therefore did not fall into that category.

The Court then proceeded to consider whether this conclusion was in any way modified by the fact that the Protocol on concessions, annexed to the treaty of Lausanne, came into effect only on August 6, 1924, after the present proceedings had been instituted. Even if a different decision would have been necessary had the protocol not been brought into force, the Court would not now feel justified in dismissing the suit. Its jurisdiction being international, it "is not bound to attach to matters of form the same degree of importance which they might possess in municipal law."

When the judgment of the Court was announced, the British Agent asked that the time-limit for filing the British counter-case be fixed as January 1, 1925. Note was taken of this request, and the case was considered on its merits at an extraordinary session of the Court in February, 1925.

The case is notable for many reasons. The opinions constitute an important contribution to the law governing the Court's jurisdiction, and the large amount of "com-

pulsory" jurisdiction possessed by the Court may be exercised more easily and expeditiously in the future. The ultimate decision of the case on its merits further contributed to the international law applicable to the power of a mandatory within its mandated territory.

JUDGMENT NO. 3 (CHAMBER OF SUMMARY PROCEDURE) — INTERPRETATION OF REPARATION CLAUSE IN THE PEACE TREATY OF NEUILLY[1]

The treaty of Neuilly was held to authorize certain classes of claims against Bulgaria, for damage both as regards property and as regards persons.

The treaty of peace between the Allied Powers and Bulgaria, signed at Neuilly on November 27, 1919, contained a provision subjecting the property of Bulgarian nationals in any Allied country to be charged with the payment of certain claims due to the nationals of that Allied country, especially claims growing out of acts committed by the Bulgarian Government since October 11, 1915, and before that Allied Power entered the war. The amount of such claims was to be assessed by an arbitrator appointed by M. Gustave Ador of Switzerland. The treaty of Neuilly came into force on August 9, 1920,[2] and M. Ador appointed as arbitrator for this purpose M. Albert Wuarin (Switzerland).

The arbitrator then proceeded to draft his rules of procedure, and to submit them to the various Governments for comment. The Bulgarian Government in its observations disputed the competence of the arbitrator to include any claims for acts committed outside Bulgarian territory, or for acts as a result of which claimants had suffered personal injury. The Bulgarian Government, furthermore, denied the power of the arbitrator to determine his own competence. It was the arbitrator who suggested, therefore, that,

[1] Reported in Publications of the Permanent Court of International Justice, Series A, No. 3. Proceedings printed in Series C, No. 6.

[2] On September 4, 1920, as concerns Greece.

failing direct agreement between the Greek and Bulgarian Governments, the dispute concerning his competence should be submitted to the Permanent Court of International Justice.

On March 18, 1924, the Greek and Bulgarian Governments entered into a special agreement for the arbitration of the dispute (*compromis d'arbitrage*). The effect of this agreement was to submit the dispute to the Permanent Court of International Justice in its Chamber for Summary Procedure, as provided by Art. 29 of the Statute and Arts. 67 and 70 of the Rules of Court. Two questions were formulated with reference to the meaning of the last sentence (in French) of the first subparagraph of paragraph 4 of the annex to Section IV, Part IX of the treaty:[1]

(1) Does the text . . . authorize claims for acts committed even outside Bulgarian territory as constituted before October 11, 1915, in particular in districts occupied by Bulgaria after her entry into the war?

(2) Does the text . . . authorize claims for damages incurred by claimants not only as regards their property, rights and interests, but also as regards their person, arising out of ill-treatment, deportation, internment or other similar acts?

The Bulgarian and Greek Governments filed their cases with the registry of the Court on July 31, 1924, and their replies on August 25, 1924. No oral proceedings were instituted, but the case was decided on the basis of the cases and replies.

[1] This paragraph reads as follows:

All property, rights and interests of Bulgarian nationals within the territory of any Allied or Associated power and the net proceeds of their sale, liquidation or other dealing therewith may be charged by that Allied or Associated power in the first place with payment of amounts due in respect of claims by the nationals of that Allied or Associated power with regard to their property, rights and interests, including companies and associations in which they are interested, in Bulgarian territory, or debts owing to them by Bulgarian nationals, and with payment of claims growing out of acts committed by the Bulgarian Government or by any Bulgarian authorities since October 11, 1915, and before that Allied or Associated power entered into the war. The amount of such claims may be assessed by an arbitrator appointed by M. Gustave Ador, if he is willing, or if no such appointment is made by him, by an arbitrator appointed by the Mixed Arbitral Tribunal provided for in Section VI. They may be charged in the second place with payment of the amounts due in respect of claims by the nationals of such Allied or Associated Power with regard to their property, rights and interests in the territory of other enemy powers, in so far as those claims are otherwise unsatisfied.

The judgment of the Chamber of Summary Procedure, composed of President Loder, Vice-President Weiss and Judge Huber, was handed down on September 12, 1924. It was found that the purpose of paragraph 4 was to determine the categories of indemnities, debts and claims with which an Allied or Associated power might charge the property of Bulgarian nationals within its territory as security, without imposing any fresh obligations over and above those imposed by other clauses of the treaty. It was held that the various classes of claims were not necessarily subject to the same rules of law. The Court then proceeded to a careful interpretation of the language of paragraph 4 when taken in connection with other provisions in the treaty of Neuilly. The Greek case had relied on corresponding provisions in the treaty of Versailles, where it was said that American insistence had secured the inclusion of the expression "acts committed" because of the case of the *Lusitania*. The Court asserted, however, that, "by the general principles of interpretation an obligation imposed on one contracting party can not be based on the fact that it is mentioned" in another treaty "dealing with a different matter."

Finally it was decided that the treaty of Neuilly "should be interpreted as authorizing claims in respect of acts committed even outside Bulgarian territory as constituted before October 11, 1915, and in respect of damage incurred by claimants not only as regards their property, rights and interests but also as regards their person;" and that reparation due on this ground is "included in the total capital sum" due from Bulgaria.

JUDGMENT NO. 4 (CHAMBER OF SUMMARY PROCEDURE) — INTERPRETATION OF REPARATION CLAUSE IN THE PEACE TREATY OF NEUILLY[1]

Interpretation of a previous judgment, under Article 60 of the Court's Statute, will not be granted when it would go beyond the limits of the judgment itself.

On September 12, 1924, the Court, sitting as a Chamber of Summary Procedure under Art. 29 of its Statute, gave a judgment as requested by Bulgaria and Greece in a special agreement signed at Sofia on March 18, 1924. The dispute related to the jurisdiction of the arbitrator appointed by M. Gustave Ador (Switzerland) under paragraph 4 of the Annex to Section IV of Part IX of the treaty of peace of Neuilly between the Allied powers and Bulgaria. On November 27, 1924, the Greek Government requested an authoritative and detailed interpretation of the judgment. The request was based on Art. 60 of the Statute which provides that, while a judgment is final and without appeal, "in the event of dispute as to the meaning or scope of the judgment, the Court shall construe it upon the request of any party."

The Court asked the Greek agent to make precise the points as to which an interpretation was requested, and on December 30, 1924, the latter responded that construction was desired of the second paragraph of the operative part of the judgment, particularly as to (*a*) the existence of Bulgarian property in Greece which might be used to realize sums awarded by the arbitrator; (*b*) the possible liquidation of Bulgarian landed property in Greece; and (*c*) the right of Greece to apply to the Reparation Commission for a redistribution of reparations paid by Bulgaria.

The Bulgarian Government made no protest against the Court's taking jurisdiction of the request, and the Court based its jurisdiction on the parties' agreement rather than

[1] Reported in Publications of the Permanent Court of International Justice, Series A, No. 4. Proceedings printed in Series C, No. 6, Additional Volume.

on the strict provisions of Art. 60. The Bulgarian agent submitted a memorandum commenting on the Greek agent's bill of particulars. It appeared that the two parties were addressing themselves, not to the interpretation of the sentence in the treaty of Neuilly to which the judgment of September 12 related, but rather to the applicability of the provision in question, and the Bulgarian agent based his position on a wholly different article of the treaty of Neuilly (Art. 177, i) to which the agreement of March 18, 1924, had not related in any way.

The Court conducted no oral proceedings; but on the basis of the documents submitted, the Chamber of Summary Procedure, composed of President Huber, former President Loder and Vice-President Weiss, was of opinion that each of the Greek requests "envisages a matter other than the determination of the basis and extent of the obligations referred to in the clause in question." Yet the Court's only competence to give an authoritative interpretation of its judgment had to be based on Art. 60 of the Court Statute, and in so acting it had no power to go beyond the limits of the judgment interpreted which in this case were fixed by the agreement of March 18, 1924. Hence the Court refused to grant the Greek request for an interpretation.

JUDGMENT NO. 5 — THE MAVROMMATIS JERUSALEM CONCESSIONS[1]

The British Government as mandatory had bound itself to respect certain concessions in Palestine, and while a grant of new concessions may not have been in conformity with its obligations no loss resulted and hence no liability for indemnity is imposed.

On August 30, 1924, by its second judgment, the Court dismissed an objection taken by His Britannic Majesty's Government to its jurisdiction to consider the application

[1] Reported in Publications of the Permanent Court of International Justice, Series A, No. 5. Proceedings printed in Series C, No. 7, Vol. II.

of the Greek Government in this case, and reserved for judgment on the merits that part of the Greek Government's application which related to the concessions at Jerusalem. These concessions were alleged to have been granted by Turkey in 1914 to a Greek named Mavrommatis, and in the application filed with the Court's Registry on May 13, 1924, the Greek Government asked the Court to declare that the Government of Palestine and consequently also the Government of His Britannic Majesty as mandatory had wrongfully refused to recognize them and that reparation should be made for the loss incurred by Mavrommatis. The Greek case which was filed on May 23, 1924, asked for judgment for £121,045, in respect of the Jerusalem concessions, with interest at six per cent from July 20, 1925. After the Court's judgment that it had jurisdiction, the British counter-case was filed on January 1, 1925, the Greek reply on January 10, and the British rejoinder on January 26. The hearing of the suit was begun on February 10, and continued until February 14. M. Politis, Greek Minister at Paris, and Mr. Purchase appeared for the Greek Government, and Sir Douglas Hogg, Attorney-General, appeared for His Britannic Majesty's Government.

The Court found the facts to be that on January 27, 1914, the City of Jerusalem granted two concessions as to electric power and the supply of drinking water to M. Mavrommatis, described as an "Ottoman subject residing at Constantinople," who had the financial support of a Paris banking house. Certain plans were drawn up, and at the beginning of the war the time for executing them was extended by the Jerusalem Municipal Council. After the war, Great Britain became the mandatory for Palestine, and in 1920 a civil administration was set up, though the terms of the mandate were not fixed until July 24, 1922, and it did not come into force until September 29, 1923. On April 16, 1921, M. Mavrommatis offered to the new Government of Palestine to accept the applicable provisions of the treaty of Sèvres, to draw up new plans and to

suggest modifications necessitated by new conditions. Apparently he still had the backing of the Paris banking house, though it was later withdrawn. The negotiations begun related chiefly to the nationality of M. Mavrommatis. It seems to have been suggested to him that he should seek an understanding with M. Rutenberg who was also interested in Palestine concessions and to whom a concession was later granted. The diplomatic situation became very complicated, but negotiations between Mavrommatis and British or Palestine authorities continued, and the former's Greek nationality came to be admitted. The Colonial Office in London seemed willing to deal with him, until a late date, on the basis of the treaty of Sèvres; but finally getting no satisfaction, and contending that the effect of the Rutenberg concessions had been to annul the Mavrommatis concessions, Mavrommatis sought to arbitrate. Meanwhile the Greek Legation in London approached the British Foreign Office. At one time, the Colonial Office seemed to be on the point of agreeing to arbitration before a judge of the English High Court. The situation changed with the signing of the protocol of Lausanne, July 24, 1923, relating to concessions. Mavrommatis acted on a suggestion of the Colonial Office in submitting a claim under it, and further negotiations ensued.

The Court first stated the jurisdiction which it was exercising, confining it to the narrow question whether the Mavrommatis concessions fall under Arts. 4 and 5 or Art. 6 of the protocol. This involved a consideration of the validity of the concessions, their relation to the Rutenberg concessions, and the possible damage to Mavrommatis as a result of the mandatory's violating its international obligations. The British contention that the mistake as to Mavrommatis' nationality had vitiated the concessions granted to him was not upheld, no Turkish law to that effect being shown. Moreover, the Court was of opinion that the mistaken reference to nationality did not prevent the concession from falling within Art. 9 of the protocol

of Lausanne. That article is therefore applicable, and Palestine is subrogated to the obligations of Turkey to Mavrommatis.

The Rutenberg concessions were admitted to overlap the Mavrommatis concessions, but Rutenberg had undertaken to respect the latter and had renounced the privilege of demanding expropriation of Mavrommatis' concessions. But the Court holds that "so long as M. Rutenberg possessed the right to require the expropriation of the Mavrommatis concessions," the mandatory was violating obligations assumed in the protocol of Lausanne. While in the course of the negotiations, "the possibility of expropriating M. Mavrommatis' concessions or of ceding them to M. Rutenberg was considered," no decision to this effect had been taken. Indeed the British Government had "declared that it will allow M. Mavrommatis full liberty to put into execution his Jerusalem concessions." No loss was proved to have accrued to Mavrommatis as a consequence of the Rutenberg agreement, therefore, and even if the latter be regarded as contrary to the mandatory's obligation, no claim for compensation can be based upon it.

The Court then dealt with the question whether M. Mavrommatis was entitled to have his concessions re-adapted in accordance with economic conditions as changed by recent events. By the provisions of the protocol of Lausanne, this depends on whether they had begun to be put into operation prior to July 24, 1923. The British contention was that work must actually have been begun, but this was not allowed by the Court. The preliminary drafts of the protocol of Lausanne were resorted to in support of the Court's view that it was a more general "application of the contracts" that was intended. M. Mavrommatis, by arranging for deposits and by submitting plans, had begun such application. The Court concluded therefore that the concessions granted to M. Mavrommatis fell within Art. 4 of the protocol of Lausanne, and "that they should be brought into conformity with the new economic conditions by means of re-adaptation." It was not

the province of the Court, however, to say how this re-adaptation should be effected.

The judgment of the Court was, therefore, that: (1) the concessions granted to M. Mavrommatis were valid; (2) the existence for a time of a right on the part of M. Rutenberg to require their annulment was a breach of the mandatory's international obligations; (3) no loss resulted from this breach; (4) the Greek Government's claim for indemnity should therefore be dismissed; and (5) that Art. 4 of the protocol of Lausanne is applicable to require their re-adaptation.[1]

All the judges concurred, except for Judge Altamira's dissent from the third and fourth conclusions.

JUDGMENT NO. 6 — GERMAN INTERESTS IN POLISH UPPER SILESIA[2]

Under the German-Polish convention, the Court has jurisdiction to determine the legality of certain expropriations made by Poland in spite of the latter's objections.

On May 15, 1925, the German Government instituted this proceeding against Poland, acting under Art. 23 of the German-Polish convention,[3] signed at Geneva, May 15, 1922, relating to Upper Silesia. The application stated that the Polish Government had expropriated certain industrial properties at Chorzów in violation of Art. 8 of the Geneva convention; and had notified its intention to expropriate certain large agricultural properties in different regions in violation of various articles of the Geneva

[1] See Judgment No. 10, p. 42.

[2] Publications of the Permanent Court of International Justice, Series A, No. 6. Proceedings printed in Series C, No. 9, Vol. I.

[3] League of Nations. *Convention germano-polonaise relative à la Haute Silésie faite à Genève le 15 mai 1922.* French text also printed in 118 *British and Foreign State Papers*, p. 365–379.

Article 23 reads: "1. Should differences of opinion respecting the construction and application of Articles 6 to 22 arise between the German and Polish Governments, they shall be submitted to the Permanent Court of International Justice.

"2. The jurisdiction of the Germano-Polish Mixed Arbitral Tribunal derived from stipulations of the treaty of peace of Versailles shall not thereby be prejudiced."

convention. It prayed judgment that such violations had occurred, and the Court was asked to state what attitude the Polish Government should have adopted in accordance with the convention. On June 12 and 18, 1925, the Polish Government made "certain preliminary objections of procedure," and maintained that the Court had no jurisdiction. The Polish Case was filed on June 26, asking that the Court declare that it had no jurisdiction or in the alternative that the German application could not be entertained. The German counter-case was filed on July 10.

As none of the Judges of the Court possessed German or Polish nationality, M. Rabel was chosen by Germany to sit as national Judge, and Count Rostworowski was chosen by Poland to sit in that capacity. Oral arguments were made on July 18 and July 20, by MM. Mrozowski and Limburg on behalf of Poland, and by Professor Kaufmann on behalf of Germany. The Court's judgment sustaining the jurisdiction was handed down on August 25, 1925.

The parties both agreed that Art. 23 of the Geneva convention was a "matter specially provided for in a treaty or convention in force," within the meaning of Art. 36 of the Court Statute; and Poland did not contest the form of Germany's application. As to the factory at Chorzów, Poland contended that no difference of opinion was established within the meaning of Art. 23 of the Geneva convention; that Art. 23 was not applicable to any difference that might be found to exist; and that Germany was in effect seeking an advisory opinion which the Court could not give at the request of a single nation. All of these contentions were disapproved by the Court, with the result that as to the claims relating to the factory at Chorzów, its jurisdiction was established. Nor was the Court willing to say that the exercise of its jurisdiction should await the decision of pending cases by the Mixed Arbitral Tribunal. If this contention was to be treated as a plea of *litispendance*, it would fail because the courts were not coordinate and the litigations not identical. Similarly, the Court denied its lack of jurisdiction with reference to the claim relating

to the agricultural estates, and it found no reason why the jurisdiction should not be exercised.

Hence, the Polish plea was dismissed, the German application was declared to be admissible, and the case was reserved for judgment on the merits. Only Count Rostworowski dissented, though Judge Anzilotti filed certain additional observations. On August 25, 1925, the German Government filed a second application, amending its first application so as to include claims against the expropriation of agricultural estates not covered by the first application.

JUDGMENT NO. 7 — CASE CONCERNING CERTAIN GERMAN INTERESTS IN POLISH UPPER SILESIA[1]

The application in Upper Silesia of a Polish Law of expropriation would constitute a violation of Poland's obligations under the Geneva convention relating to Upper Silesia, and the Court may give a declaratory judgment to this effect.

This proceeding was instituted by Germany against Poland on May 15, 1925, based on Art. 23 of the German-Polish convention signed at Geneva, on May 15, 1922. The Polish Government had contested the jurisdiction of the Court, but this jurisdiction had been established in a judgment given on August 25, 1925,[2] and the case had been reserved for judgment on the merits. The original submissions of Germany had been modified when the Court met on February 5, 1926, on which date hearings were begun which continued intermittently until April 16, 1926. Expert witnesses were examined by the Court in the course of these hearings, for the first time in its history.

The submissions of Germany sought a judgment (1) that the application of certain parts of the Polish expropriation law of July 14, 1920, constitutes a measure of liquidation

[1] Publications of the Permanent Court of International Justice, Series A, No. 7. Proceedings printed in Series C, No. 11, Vols. I, II, III.

[2] See p. 27.

and as such violates certain articles of the Geneva convention of May 15, 1922; (2) that the Polish Government's attitude toward two German companies owning a nitrate factory at Chorzów, was not in conformity with the Geneva convention, and the Court was asked to say what attitude should have been adopted toward these companies; and (3) that notices of intention to liquidate certain rural estates were not in conformity with the Geneva convention. The Polish Government requested a nonsuit as to the first of these submissions, on the ground that an abstract declaration could not be given by the Court; a judgment that as no measures of liquidation had been taken against the German companies, there was no ground for a decision as to the conformity of the Polish attitude with the provisions of the Geneva convention; and a nonsuit as to the third of the German submissions.

In the earlier proceedings, the Polish Government contested the Court's jurisdiction without success. In this case, the power of the Court was denied on the ground that no "difference of opinion" existed, as that term was used in the Geneva convention, and on the ground that "the abstract character of the decision asked for is hardly compatible with Art. 59 of the Court's Statute." But the Court held that a "difference of opinion" did exist and that the provisions for the Court's jurisdiction in Art. 23 of the Geneva convention "cover interpretations unconnected with concrete cases of application." Art. 59 of the Court's Statute "does not exclude purely declaratory judgments," its object being "simply to prevent legal principles accepted by the Court in a particular case from being binding upon other states or in other disputes." As to the first German submission on the merits, the Court found that the application of two articles of the Polish law of 1920 was not compatible with certain provisions of the Geneva convention, in that they would deny to private property the protection required by the convention and would make no provision for adequate investigation of titles. Reliance by Poland on provisions in the treaty of

Versailles and the preceding armistice agreements, led the Court to examine Poland's relation to those instruments, resulting in its conclusion that none of their provisions override Poland's obligations under the Geneva convention.

As to the second of the German submissions, Poland had attacked a transfer made by the German Government in 1920, after the treaty of Versailles came into force, but the Court held that the alienation was not an act of bad faith, nor "an act calculated to prejudice Poland's rights," and was not a breach of Germany's engagements. The two German companies had acquired rights in the factory at Chorzów which Poland was bound by the Geneva convention to respect, and the attitude of Poland in regard to these companies was contrary to Art. 6 and following articles of the convention. However, the Court declined to say what attitude the Polish Government ought to have adopted; the parties had furnished insufficient data for this, and the point therefore "remained in its purely interrogative form."

The rural estates to which the third German submission related were both agricultural and industrial estates. A special clause in the Geneva convention related to rural estates "devoted principally to serving the needs of large industrial undertakings." A question was argued as to the acquisition of the surface by mining enterprises. It was necessary for the Court to examine each of the ten estates concerned, and to analyze as to some of them a mass of detail. As to five of them, it upheld the German submission. The most interesting question which arose was that of the domicile of owners whose estates were divided by the new boundary between Germany and Poland, on which the view of the Court was not at variance with the provisions of American law relating to domicile.

The judgment was given by a Court composed of six judges, three deputy-judges, and the two national judges of Germany and Poland, all of whom concurred except the Polish national judge.

ORDERS OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE[1] — CASE CONCERNING THE DENUNCIATION OF A TREATY BETWEEN CHINA AND BELGIUM

In exercise of its compulsory jurisdiction conferred by acceptance of the "Optional Clause," the Court will take jurisdiction of a case submitted by one party and order provisional measures to be taken.

The relations of Belgium and China have depended since October 27, 1866, on a treaty signed on November 2, 1865. One of the periods for which this treaty was renewed expired on October 27, 1926, and the treaty itself provided (Art. 46) for the Belgium Government's giving notice of a desire to modify the treaty six months before the end of each 10-year interval. The treaty makes no similar provision for modifications to be suggested by the Chinese Government. However, on April 16, 1926, the Chinese Government notified the Belgian Government that the treaty would come to an end on October 27, 1926. When efforts to conclude a *modus vivendi* failed, the treaty was formally abrogated by the Chinese Government.

Both Belgium and China were signatories of the "Optional Clause" annexed to the Statute of the Court, and on November 25, 1926, the Belgian Government filed a unilateral application with the Court, asking the Court to give judgment that the Chinese Government is not entitled to denounce the treaty, and asking that the Court, pending such judgment, indicate provisional measures to be taken for the preservation of the rights of Belgium and her nationals. Such judgment was sought whether the Chinese Government "is present or absent." At no time did the Chinese Government appear before the Court or recognize that any jurisdiction was conferred by this application. However, in view of the "Optional Clause," the President of the Court proceeded to set various dates for

[1] Publications of the Permanent Court of International Justice, Series A, No. 8.

the filing of the written proceedings, and to vary these dates from time to time as it became necessary. In advance of the submission of the Belgian Case, the President refused to exercise the power conferred by Art. 57 of the Rules of Court, and to indicate provisional measures in accordance with the then existing situation. On January 4, 1927, the Belgian Case was filed with the Court, the Belgian Government having previously filed a translation of a Chinese order which indicated that Belgian rights under the treaty had been or were about to be ignored. On January 8, 1927, the President exercised the power conferred by Art. 57 of the Rules of Court, and made an order indicating provisionally the protection to which Belgium was entitled.

The protection thus ordered covered as regards Belgian nationals without passport, the right to be conducted in safety to the nearest Belgian consulate; it covered the effective protection of Belgian missionaries; and it prescribed the continued enjoyment by Belgium of certain privileges of extraterritoriality. As regards property and shipping, the order covered protection against sequestration or seizure not in accordance with international law. As regards judicial safeguards, the order prescribed the right of Belgians and Belgian corporations to have their legal proceedings conducted in "modern courts," according to modern Chinese laws and with a right of appeal and the assistance of lawyers. It was noted in the Order that "the situation secured by the treaty to Chinese nationals resident in Belgium has undergone no modification." The Court, therefore, felt it unnecessary to make its order reciprocal so as to apply to Chinese nationals in Belgium.

Some days later, on January 17, 1927, the Belgian Government informed the Court that an agreement had been reached between the Chinese Government and the Belgian Government for reopening negotiations for the conclusion of a treaty abrogating the treaty of 1865. The Court was asked to facilitate these negotiations by extending the dates for the submission of a counter-case by China, and the President complied with this request. On February 3,

1927, the Belgian Government informed the Court that a provisional régime for protecting Belgians in China had been agreed upon by the two Governments. This régime went somewhat beyond that prescribed by the President's order. The President of the Court then complied with a request of the Belgian Government, which the Belgian Government stated to accord with the desires of the Chinese Government, and revoked the order of January 8, 1927, by a new order issued on February 15, 1927. Again in May, 1927, the Belgian Government asked for an extension of time and on May 10, 1927, the President extended the time for the filing of the Chinese Government's counter-case. A further request for extension was made by the Belgian Government in June, and on June 18, 1927, the full Court fixed the following dates for the submission of written proceedings: for the Chinese counter-case, February 15, 1928; for the Belgian reply, April 1, 1928; for the Chinese rejoinder, May 18, 1928.

JUDGMENT NO. 8 — CASE CONCERNING THE FACTORIES AT CHORZÓW[1]

Under Article 23 of the Geneva convention concerning Upper Silesia, the Court has jurisdiction to determine the existence and extent of the obligation of Poland to make reparation for injuries inflicted as a result of the seizure of nitrate factories at Chorzów.

The sixth judgment[2] of the Permanent Court of International Justice handed down on August 25, 1925, determined that the Court had jurisdiction to deal with a case concerning certain German interests in Upper Silesia. The seventh judgment[3] of the Court handed down on May 25, 1926, dealt with the merits of the same case, and determined that the attitude of the Polish Government toward two German companies interested in the Chorzów factories

[1] Publications of the Permanent Court of International Justice, Series A, No. 9. Proceedings printed in Series C, No. 13, Vol. I.

[2] See above, p. 27.

[3] See above, p. 29.

was not in conformity with the provisions of the Geneva convention. At that time, the Court refused to say what attitude would have been in conformity with those provisions. Following the judgment, the two Governments entered into negotiations in an attempt to reach an amicable settlement of the claims of the two German companies, but these negotiations were futile. The failure of the negotiations led the German Government on February 7, 1927, to file an application instituting proceedings against the Polish Government with respect to the reparation claimed to be due to the two German companies from the Polish Government. On March 2, 1927, the German Government filed a case in support of its application, claiming that compensation of more than 96 million Reichsmarks was due to the two companies; asking that the export of nitrate of lime and nitrate of ammonia should be prohibited to Germany, the United States of America, to France and to Italy; and submitting that the compensation due should be paid in a particular manner with interest at 6% and with no deduction or set-off in favor of the Polish Government. Thereafter, on April 14, 1927, the Polish Government filed a preliminary objection denying the jurisdiction of the Court. An effort was then made by the German Government to secure a reference to the Court by mutual consent, but the effort led to no agreement. On June 1, 1927, the German Government replied to the preliminary objection of the Polish Government.

The consideration of the question of jurisdiction was begun on June 22, 1927, and oral statements were made by agents of the two governments before a Court consisting of ten judges, one deputy-judge, a German national judge and a Polish national judge. The judgment of the Court was given on July 26, 1927. The main controversy related to the application of Art. 23 of the convention between Germany and Poland, signed at Geneva on May 15, 1922, which reads as follows (translation):[1]

[1] 118 *British and Foreign State Papers*, p. 375. (French text only.)

(1) Should differences of opinion respecting the construction and application of Arts. 6 to 22 arise between the German and Polish Governments, they shall be submitted to the Permanent Court of International Justice.

(2) The jurisdiction of the German-Polish Mixed Arbitral Tribunal derived from the stipulations of the treaty of peace of Versailles shall not thereby be prejudiced.

It was contended on behalf of the Polish Government that the article did not contemplate the jurisdiction of the Court with reference to differences concerning reparations claimed, and alternately that the private parties interested were limited to the recourse to the special jurisdiction provided for in the second part of the article.

The Court held that "differences relating to reparations, which may be due by reason of failure to apply a convention, are consequently differences relating to its application." The first paragraph of Art. 23 should be viewed as a *compromis* which did not call for restrictive interpretation. It "constitutes a typical arbitration clause which contemplates all differences of opinion resulting from the application and interpretation of a certain number of articles" of the convention. The Court refused to say, therefore, that it was limited under Art. 23 to a statement of the fact that provisions of the convention were being improperly applied. It was found unnecessary to "take account of declarations, admissions or proposals which the parties may have made in the course of direct negotiations."

As to the second paragraph of Art. 23, the tribunals to be taken into account are the Upper Silesian Arbitral Tribunal and the German–Polish Mixed Arbitral Tribunal. This part of Art. 23 had been examined by the Court in its sixth judgment [1] but, in spite of this fact, the Court was willing once more to "examine the question in relation to the special conditions in which it presents itself on this occasion." It proceeded to find a special reason for the second paragraph of Art. 23, and determined that it did not "expressly contemplate acts of the kind for which the

[1] See above, p. 27.

German Government claims indemnity on behalf of the dispossessed companies." The acts of the Polish Government "constitute special measures which fall outside the normal operation of Arts. 6 to 22 of the Geneva convention, whereas the jurisdiction reserved by Art. 3, par. 2, assumes the application of those articles." By its failure to conduct a previous investigation of the right of ownership, the Polish Government had violated the Geneva convention, and the Court relied upon "a principle generally accepted in the jurisprudence of international arbitration, as well as by municipal courts, that one party can not avail himself of the fact that the other has not fulfilled some obligation or has not had recourse to some means of redress, if the former party has, by some illegal act, prevented the latter from fulfilling the obligation in question, or from having recourse to the tribunal which would have been open, to him."

It was strongly argued that in case of doubt, the Court should decline jurisdiction. To this the Court answered: "It is true that the Court's jurisdiction is always a limited one, existing only in so far as states have accepted it; consequently, the Court will, in the event of an objection — or when it has automatically to consider the question — only assume its jurisdiction provided that the force of the arguments militating in favor of it is preponderant." In this case the intention of the parties to confer jurisdiction was "demonstrated in a manner convincing to the Court." The Court, therefore, affirmed its jurisdiction and reserved the case for consideration on its merits. This involved a dismissal of the Polish Government's plea to the jurisdiction, the result being reached by a vote of ten to three. The Polish national judge published a dissenting opinion.

JUDGMENT NO. 9 — THE *LOTUS* CASE[1]

The principles of international law contain no prohibition against a state's taking jurisdiction to punish a national of another state, who enters its territory voluntarily, for an act done in connection with a collision between the vessels of the two countries, resulting in the death of citizens of the first.

On August 2, 1926, the French mail steamer *Lotus* collided with the Turkish collier *Boz-Kourt*, at a point in the Aegean Sea more than five miles from land. The Turkish collier was sunk and eight Turkish nationals lost their lives. The *Lotus* thereafter proceeded to Constantinople, where its officer of the watch, M. Demons, a French citizen, was prosecuted jointly with Hassan Bey, the captain of the Turkish vessel. M. Demons denied the jurisdiction of the Turkish courts, but the jurisdiction was upheld and he was sentenced to eighty days' imprisonment and a fine, while Hassan Bey was sentenced to a penalty more severe.

The French Government protested against this action of the Turkish courts and on the proposal of the Turkish Government, the two Governments signed an agreement on October 12, 1926, to place the matter before the Permanent Court of International Justice. The precise questions submitted to the Court were the following:

(1) Has Turkey, contrary to Art. 15 of the convention of Lausanne of July 24, 1923, respecting conditions of residence and business and jurisdiction, acted in conflict with the principles of international law — and if so, what principles — by instituting, following the collision which occurred on August 2, 1926, on the high seas between the French steamer *Lotus* and the Turkish steamer *Boz-Kourt* and upon the arrival of the French steamer at Constantinople — as well as against the captain of the Turkish steamship — joint criminal proceedings in pursuance of Turkish law against M. Demons, officer of the watch on board the *Lotus* at the time of the collision, in consequence of the loss of the *Boz-Kourt* having involved the death of eight Turkish sailors and passengers?

[1] Publications of the Permanent Court of International Justice, Series A, No. 10. Proceedings printed in Series C, No. 13, Vol. II.

(2) Should the reply be in the affirmative, what pecuniary reparation is due to M. Demons, provided, according to the principles of international law, reparation should be made in similar cases?

Both parties submitted cases and counter-cases, and oral hearings were conducted by the Court on August 2, 3, 8–10, 1927. The submissions of the French Government were that under the Lausanne convention of July 24, 1923, and the principles of international law, the jurisdiction belonged exclusively to the French courts; that the action of the Turkish judicial authorities was, therefore, contrary to the convention and to the principles of international law; and that an indemnity of 6,000 Turkish pounds should be paid to the French Government. The Turkish Government contented itself by asking merely that the Court give judgment in favor of the Turkish courts. Turkey not being a party to the Protocol of Signature which establishes the Statute of the Court, the Turkish representative filed the necessary declaration for the Turkish Government's accepting the Court's jurisdiction for this case. The relevant article of the Lausanne convention is as follows:[1]

Art. 15. Subject to the provisions of Art. 16, all questions of jurisdiction shall, as between Turkey and the other contracting powers, be decided in accordance with the principles of international law.

The Court observed that the collision took place on the high seas. It was not called upon to consider whether the prosecution was in conformity with Turkish law. It treated the prosecution as one for involuntary manslaughter. The prosecution seems to have been based on Art. 6 of the Turkish Penal Code of 1926, though perhaps not solely so. The question before the Court was whether the principles of international law prevent Turkey from instituting criminal proceedings in this case. The application of these principles was agreed upon in Art. 15 of the Lausanne convention, the text of which being clear, there

[1] League of Nations, *Treaty Series*, XXVIII, p. 163.

was no occasion to resort to an analysis of the negotiations at the time of its preparation.

It was contended on behalf of the French Government that some special provision in international law should be pointed out in favor of the jurisdiction of the Turkish court; but the Court agreed with the contention of the Turkish Government that, under Art. 15 of the Lausanne convention, Turkey was allowed to exercise jurisdiction whenever such jurisdiction is not in conflict with the principles of international law. "All that can be required of a state is that it should not over-step the limits which international law places upon its jurisdiction; within these limits, its title to exercise jurisdiction rests in its sovereignty." Nor is criminal jurisdiction governed by a different principle. All, or nearly all, systems of law "extend their action to offenses committed outside the state which adopts them, and they do so in ways which vary from state to state. The territoriality of criminal law, therefore, is not an absolute principle of international law and by no means coincides with territorial sovereignty."

In this case the nationality of the victims is one of the factors to be taken into account. No rule of international law forbids Turkey "to take into consideration the fact that the offense produced its effects on the Turkish vessel and consequently in a place assimilated to Turkish territory." Nor could the Court agree that the state whose flag is flown has excessive jurisdiction in such a case. "What occurs on board a vessel on the high seas must be regarded as if it occurred on the territory of the state whose flag the ship flies." Hence in this case "the same principles must be applied as if it were the territories of two different states concerned." The French had contended that the principle of exclusive jurisdiction was especially applicable in a collision case, but the Court could not accept this view. It found no decisions of international tribunals to that effect, and the decisions of national courts are not to one effect. Hence the Court arrived at the conclusion "that there is no rule of international law in regard to collision

cases to the effect that criminal proceedings are exclusively within the jurisdiction of the state whose flag is flown." In reaching this conclusion, the Court did not confine itself to a consideration of the arguments put forward, but included in its researches "all precedents, teachings and facts to which it had access." The judgment was therefore to the effect that the Turkish Government had not acted in conflict with the principles of international law contrary to Art. 15 of the Lausanne convention. In view of the reply to the first question, it was unnecessary to reply to the second question put to the Court.

This judgment was reached by a vote of six to six, on the casting vote of the President. Each of the six dissenting judges wrote a dissenting opinion. That by Judge John Bassett Moore is, perhaps, the most interesting, for Judge Moore dissented "solely on the connection of the pending case with Art. 6 of the Turkish Penal Code." He concurred in "the judgment of the Court that there is no rule of international law by virtue of which the penal cognizance of a collision at sea, resulting in loss of life, belongs exclusively to the country of the ship by or by means of which the wrong was done." Judge Moore's defense of the opinion of the Court on this latter question is vigorous and convincing. He analyzed various decisions of municipal courts, the more important being *Queen* v. *Keyn*[1] and the case of the *Costa Rica Packet.*

As to Art. 6 of the Turkish Penal Code, Judge Moore repudiated the so-called "protective" principle on which the Turkish law was founded. "No one disputes the right of a state to subject its citizens abroad to the operations of its own penal laws, if it sees fit to do so. This concerns simply the citizen and his own government, and no other government can properly interfere. But the case is fundamentally different where a country claims either that its penal laws apply to other countries and to what takes place wholly within such countries or, if it does not claim this, that it may punish foreigners for alleged violations, even

[1] L. R. 2 Exch. Div. 63 (1877).

in their own country, of laws to which they were not subject." This led to a consideration of the Cutting Case between the United States and Mexico in which Judge Moore expressed the opinion that the view of the United States had been accepted in the extradition treaty between Mexico and the United States signed on February 22, 1889.

JUDGMENT NO. 10 — CASE OF THE READAPTATION OF THE MAVROMMATIS JERUSALEM CONCESSIONS[1]

The Court has no jurisdiction under treaties in force to entertain a suit based upon the application of the readapted Mavrommatis Concessions in Palestine.

On August 30, 1924, in its second judgment, the Court upheld its jurisdiction to entertain the suit brought by the Greek Government against the British Government, relating to concessions in Palestine granted by the Ottoman authorities in 1914 to a Greek citizen named Mavrommatis. In its fifth judgment on March 26, 1925, the Court exercised its jurisdiction and decided that the concessions were valid, that they fell within the protection of Art. 4 of the protocol of Lausanne of July 24, 1923,[2] and that the *concessionnaire* was entitled to have them "put into conformity with the new economic conditions prevailing in Palestine." Thereafter the Greek Government and the British Government entered into negotiations which resulted in the signing of new contracts to replace the old ones, on February 25, 1926. Plans were submitted for the execution of the new contracts, and it was alleged by the Greek Government that there was undue delay in the approval of these plans; that the delay constituted a breach of the agreement and that the British Government had violated its international obligations within the meaning of Art. 11 of the mandate for Palestine.

The application of the Greek Government, advancing

[1] Publications of the Permanent Court of International Justice, Series A, No. 11. Proceedings printed in Series C, No. 14.

[2] League of Nations, *Treaty Series*, XXVIII, p. 207.

these claims, was filed with the Registry of the Court May 28, 1927. The Greek Government asked that the British Government be ordered to pay reparation to the amount of £217,000 for the irreparable injury done to Mr. Mavrommatis. On August 9, 1927, the British Government filed a preliminary objection denying the jurisdiction of the Court, and asked the Court to dismiss the claim of the Greek Government. To this objection, the Greek Government filed a formal reply asking that the Court dismiss the objection and reserve the case for judgment on the merits. The judgment of the Court was handed down on October 10, 1927, after public hearings held on September 8, 9 and 10. A Greek national judge sat with the eleven judges of the Court.

The British Government denied the jurisdiction of the Court to decide whether its previous judgment had been complied with. Moreover, under Art. 11 of the mandate for Palestine, it was claimed that the Court's jurisdiction to deal with breaches of the international obligations of the mandatory is restricted to cases where the "breach results from the manner in which the Palestine Administration has exercised its full power to provide for public ownership or control of any of the natural resources of the country, or of the public works, services or utilities established or to be established therein." But in this case the British said there was no exercise of such power. On this point the British contention was upheld by the Court. In a previous case the granting of the Rutenberg concessions had been examined in detail, but in this case it was not contended that the Rutenberg concessions were inconsistent with the Mavrommatis concessions. "The question whether, in a given case, there has been an exercise of the full power to provide for public control is essentially a question that can only be decided for each particular case as it arises." The previous judgment sustaining the jurisdiction of the Court had been carefully limited and the Court was resolved to make no departure from it. The facts alleged by the Greek Government in support of its

claim did not show any exercise of the "full power to provide for . . . public control" under Art. 11 of the mandate. The grant of the new concessions was not an exercise of that power. The alleged nonapproval of the plans within the time agreed upon did not constitute an exercise of the full power of public control, nor was any incompatibility alleged to exist between the Mavrommatis and the Rutenberg concessions, although a claim advanced by Rutenberg may have been partly responsible for the delay.

The Court, therefore, upheld the British preliminary objection, and refused to reserve the case for judgment on the merits. Three of the judges, including the Greek national judge, dissented. The case is notable as the first in which the Court has upheld a plea to its jurisdiction.

JUDGMENT NO. 11 — INTERPRETATION OF JUDGMENTS NOS. 7 AND 8 CONCERNING THE CASE OF THE FACTORY AT CHORZÓW[1]

By a previous decision of the Court, having the force of *res judicata*, the ownership of the factory at Chorzów had been determined, without reservation to the Polish Government of any right to ask by process of law for any new determination of that question.

In its seventh judgment,[2] of May 25, 1926, the Court had declared that the Polish Government's attitude toward a German company, the Oberschlesische Stickstoffwerke, as owner of a certain landed property at Chorzów, was not in conformity with a treaty between Germany and Poland, signed at Geneva, May 15, 1922. Thereafter, the two Governments attempted to negotiate a friendly arrangement for payment of pecuniary compensation for the injury done to this company. Such negotiations did not prove fruitful, however, and on February 8, 1927, the German Government again had resort to the Court, sub-

[1] See Publications of the Court, Series A, No. 13.

[2] See above, p. 29.

mitting that the Polish Government was under an obligation to make reparation. The Polish Government disputed the Court's jurisdiction, but in the Court's eighth judgment,[1] of July 26, 1927, the jurisdiction was affirmed and the second German case reserved for judgment on the merits. That case is still pending.

Meanwhile, on October 18, 1927, the German Government informed the Court, in a new application, that the Polish Government had on September 16, 1927, begun proceedings in a Polish District Court at Kattowitz, against the Oberschlesische, with a view to having it declared that the latter had not been owner of the property at Chorzów, but that this property had been owned by the German Reich to which the Polish Treasury had succeeded. This action of the Polish Government had been taken in avail of the possibility claimed to have been reserved to it by the Permanent Court of International Justice. The German Government now contended that this position of the Polish Government was not in accordance with the true construction of Judgments Nos. 7 and 8.

Arguments on behalf of the two Governments were heard on November 28, 1927, and judgment was given on December 16, 1927. The Court is bound by Art. 60 of its Statute to give a construction of a judgment "upon the request of any party," if there is a "dispute as to the meaning or scope of the judgment." The Polish Government denied that such a dispute existed. The Court was, therefore, called upon to define the terms "dispute" and "meaning or scope of the judgment." The existence of a dispute does not have to be manifested by diplomatic negotiations. Indeed, no formal manifestation is necessary. It is sufficient that "the two Governments have in fact shown themselves as holding opposite views in regard to the meaning or scope of a judgment," that is, as to "those points in the judgment in question which

[1] See above, p. 34.

have been decided with binding force." After reviewing the facts, the Court had no doubt that such a dispute did exist.

On the merits, the Court found that the German Government sought a construction, as to meaning and scope, of a passage in Judgment No. 7, as follows: "If Poland wishes to dispute the validity of this entry in the land register, it can, in any case, only be annulled in pursuance of a decision given by a competent tribunal." It held that these lines were to be "regarded as containing an additional argument, drawn from generally accepted international law," for its conclusion that the Oberschlesische's ownership of the Chorzów factory was established. It was not a reservation making the binding effect of the judgment given dependent on later court proceedings. Judgment No. 7 was a declaratory judgment "the intention of which is to insure recognition of a situation at law, once and for all." It was, therefore, held that no right of asking by process for a declaration, such as was sought by the Polish Government in the court at Kattowitz, had been reserved, but that on the contrary the Court had meant to recognize, with binding effect between the parties concerned and in respect of that particular case, among other things, the right of ownership of the Oberschlesische Stickstoffwerke A.–G. in the Chorzów factory under municipal law.

Judge Anzilloti dissented from this judgment, being opposed to giving any judgment of construction on the facts of this case.

ADVISORY OPINIONS

REQUESTS OF THE COUNCIL OF THE LEAGUE OF NATIONS

Series B[1] No.	Statements by	Subject	Date Rendered
1	Great Britain, Netherlands, International Federation of Trades Unions, International Federation of Christian Trades Unions, International Labor Office	Nomination of delegates to the International Labor Conference	July 31, 1922
2	Great Britain, France, Hungary, Portugal, International Agricultural Commission, International Labor Office, International Federation of Trades Unions	Agricultural labor and the International Labor Organization	Aug. 12, 1922
3	Great Britain, France, Hungary, Portugal, International Agricultural Commission, International Labor Office, International Federation of Trades Unions	Agricultural production and the International Labor Organization	Aug. 12, 1922
4	France and Great Britain	Nature of dispute about nationality decrees in Tunis and Morocco (French zone)	Feb. 7, 1923
5	Finland	Dispute over the autonomy of Eastern Carelia	July 23, 1923
6	Germany and Poland	Protection of German settlers in Poland	Sept. 10, 1923
7	Germany and Poland	Acquisition of Polish nationality by German settlers	Sept. 15, 1923
8	Czechoslovakia and Poland	Jaworzina boundary	Dec. 6, 1923
9	Albania, Greece and Serb-Croat-Slovene State	Saint-Naoum Monastery (Albanian frontier)	Sept. 4, 1924
10	Greece and Turkey	Exchange of Greek and Turkish populations	Feb. 21, 1925
11	Poland and the Free City of Danzig	Polish postal boxes in Danzig	May 16, 1925
12	Great Britain and Turkey	Frontier between Turkey and Iraq. Interpretation of Art. 3, par. 2, of the treaty of Lausanne	Nov. 21, 1925

[1] Advisory opinions of the Court are published in Series B of the Court Publications.

Series B[1] No.	Statements by	Subject	Date Rendered
13	International Labor Organization	Competence of the International Labor Organization to regulate, incidentally, the personal work of the employer	July 23, 1926
14	France, Great Britain, Italy and Rumania	Jurisdiction of the European Commission of the Danube between Galatz and Braila	Dec. 8, 1927

ADVISORY OPINION NO. 1 — NOMINATION OF DELEGATES TO THE INTERNATIONAL LABOR CONFERENCE[2]

A member of the International Labor Organization is not bound to consult the largest employers' or workers' organization, in selecting its delegates to the International Labor Conference, where other organizations consulted total more members.

On May 12, 1922, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the following question: "Was the Workers' Delegate for the Netherlands at the third session of the International Labor Conference nominated in accordance with the provisions of paragraph 3 of Article 389 of the treaty of Versailles?" The question came before the Court at its first regular session on June 15, 1922. Briefs were presented to the Court on behalf of the Netherlands Government, the International Labor Office, and the Netherlands General Confederation of Trades Unions. Oral arguments were heard on behalf of the British and Netherlands Governments, the International Federation of Trades Unions, the International Federation of Christian Trades Unions, and the International Labor Office.

At the third session of the International Labor Conference, held at Geneva from October 25 to November 18, 1921, a protest was made against the acceptance by the

[1] Advisory opinions of the Court are published in Series B of the Court Publications.

[2] Reported in Publications of the Permanent Court of International Justice, Series B, No. 1, and Series C, No. 1.

Conference of the credentials of the workers' delegate named by the Netherlands Government. At previous sessions of the Conference, the workers' delegate named by the Netherlands Government had been nominated in agreement with the Netherlands Confederation of Trades Unions. But the workers' delegate to the third session in 1921 was nominated in agreement with the Confederation of Catholic Trades Unions, the Confederation of Christian Trades Unions, and the Netherlands General Confederation of Trades Unions, though not in agreement with the Netherlands Confederation of Trades Unions. The last-named organization had a membership of 218,596 trade unionists; the other organizations had a total membership of 282,455 trade unionists, though no one had a membership in excess of 155,642.

Article 389 of the treaty of Versailles requires that non-government delegates to the International Labor Conference be "chosen in agreement with the industrial organizations, if such organizations exist, which are most representative of employers or work-people, as the case may be, in their respective countries." On October 22, 1921, the Netherlands Confederation of Trades Unions protested to the International Labor Office that the Netherlands Government had not fulfilled this requirement. The International Labor Conference decided to admit the delegate nominated by the Netherlands Government, in spite of this protest. But at the same time the Conference adopted a resolution calling upon the Governing Body of the International Labor Office to request the Council of the League of Nations to obtain from the Permanent Court of International Justice an opinion as to the proper interpretation of Article 389. The Council of the League of Nations therefore acted at the suggestion of the Governing Body in requesting the opinion.

The Court unanimously concluded that the Netherlands Government's nomination had complied with Article 389 of the treaty of Versailles. The main ground of the opinion was that in a country where there are several organizations

of workers or employers, all of these organizations may be taken into consideration in the nomination of a workers' or employers' delegate, and not merely that one which has the largest membership, even though the one may be the "most representative."

This opinion was communicated to the Council of the League of Nations and transmitted by the Council to the Director of the International Labor Office. It constitutes a distinct clarification of the Labor Part of the Peace Treaties, and in the future it will greatly assist the governments in nominating nongovernment delegates to the International Labor Conference.

ADVISORY OPINION NO. 2 — AGRICULTURAL LABOR AND THE INTERNATIONAL LABOR ORGANIZATION[1]

The competence of the International Labor Organization extends to the conditions of labor of persons employed in agriculture.

On May 12, 1922, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the following question: "Does the competence of the International Labor Organization extend to the international regulation of the conditions of labor of persons employed in agriculture?" The question came before the Court at its first regular session on June 15, 1922. Oral statements were made before the Court on behalf of the British, French, Portuguese and Hungarian Governments, and on behalf of the International Labor Office, the International Agricultural Commission and the International Federation of Trades Unions.

At the first session of the International Labor Conference in Washington, in 1919, it had been decided to place on the agenda of a future session the subject of agricultural labor. At the third session in 1921, three items relating to agri-

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 2, and Series C, No. 1.

cultural labor were included in the agenda. The question of competence was raised before the Conference by the French Government. The International Labor Conference declared itself competent on October 27, 1921, by a vote of 74 to 20. Later the Conference adopted several measures dealing with the protection of agricultural workers. It was the French Government which brought the matter to the Council of the League of Nations in 1922, and this was done without first raising the question in the Governing Body of the International Labor Office.

On August 12, 1922, the Court decided to reply to the Council of the League of Nations that the competence of the International Labor Organization does extend to international regulation of the conditions of persons employed in agriculture. A majority of the judges found the language of the treaty of Versailles free from any ambiguity on this point. It was said that "every argument used for the exclusion of agriculture might with equal force be used for the exclusion of navigation and fisheries."

Judge Weiss (France) and Deputy-Judge Negulesco (Rumania) declared that they were unable to concur in the opinion given by the Court.

The opinion was duly transmitted to the Council of the League of Nations and by the Council to the French Government.

ADVISORY OPINION NO. 3 — AGRICULTURAL PRODUCTION AND THE INTERNATIONAL LABOR ORGANIZATION[1]

The competence of the International Labor Organization extends to agricultural production only in so far as conditions of labor are concerned.

On July 18, 1922, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the following question: "Does examination of proposals for

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 3, and Series C, No. 1.

the organization and development of methods of agricultural production, and of other questions of a like nature, fall within the competence of the International Labor Organization?" The Court was in session at the time this resolution was adopted, and was duly notified of the request. Arguments were heard on behalf of the French Government and the International Labor Office.

The question had been first raised in the Council of the League of Nations by a letter of the French Government of June 13, 1922. The Director of the International Labor Office stated that the International Labor Organization did not claim to have competence as to agricultural production. Negotiations between the International Labor Office and the International Institute of Agriculture had brought a common view to the two organizations as to the proper delimitation of their respective spheres of action.

On August 12, 1922, the Permanent Court of International Justice expressed the unanimous opinion that while the organization and development of "means of production" had not been included in the sphere of the International Labor Organization, it was not necessary that the Organization "totally exclude from its consideration the effect upon production of measures which it may seek to promote for the benefit of the workers." It was made clear that "the consideration of methods of organizing and developing production from the economic point of view is in itself alien to the sphere of activity marked out for the International Labor Organization by Part XIII of the treaty of Versailles."

This opinion was duly communicated to the Council of the League of Nations and by the Council to the French Government. With the two preceding opinions, it has assisted the Labor Organization to chart its course, and has thus contributed to the easier cooperation of the nations engaged in considering and adopting uniform labor legislation.

ADVISORY OPINION NO. 4 — NATURE OF A DISPUTE ABOUT NATIONALITY DECREES[1]

The British-French dispute over nationality decrees in Tunis and Morocco is not by international law solely a matter of domestic jurisdiction within paragraph 8 of Article 15 of the Covenant, though nationality questions in general fall within a state's domestic jurisdiction.

On October 4, 1922, the Council of the League of Nations addressed itself to the following item which had been placed on its agenda at the request of the British Government on August 11, 1922: "Dispute between France and Great Britain as to the nationality decrees issued in Tunis and Morocco (French Zone) on November 8, 1921, and their application to British subjects, the French Government having refused to submit the legal questions involved to arbitration." The Council took note of "friendly conversations" which had taken place between representatives of the British and French Governments, and pursuant to an agreement between the parties, adopted the following resolution:

(*a*) The Council decides to refer to the Permanent Court of International Justice, for its opinion, the question whether the dispute referred to above is or is not by international law solely a matter of domestic jurisdiction (Article 15, paragraph 8, of the Covenant);

(*b*) And it requests the two Governments to bring this matter before the Permanent Court of International Justice, and to arrange with the Court with regard to the date on which the question can be heard and with regard to the procedure to be followed;

(*c*) Furthermore, the Council takes note that the two Governments have agreed that, if the opinion of the Court upon the above question is that it is not solely a matter of domestic jurisdiction, the whole dispute will be referred to arbitration or to judicial settlement under conditions to be agreed between the Governments.

On October 4, 1922, the Secretary-General of the League of Nations transmitted to the Registrar of the Permanent

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 4, and Series C, No. 2, and Additional Volume.

Court of International Justice a copy of the above resolution "for the information of the Permanent Court of International Justice." This was not treated as a request for an advisory opinion under Article 72 of the Rules of Court, but such a request was sent by the Secretary-General on November 6, 1922. The matter was before the Court as a request for an advisory opinion, although at various stages in the proceedings it was referred to by counsel as if Great Britain and France were parties before the Court in a dispute between them.

The arrangements for calling an extraordinary session of the Court were made by the President with the aid of suggestions from the British and French Governments. The two Governments fixed upon November 25, 1922, as the date for the submission of cases, and December 23, 1922, as the date for the submission of counter-cases. When the Court met in extraordinary session to consider the matter on January 8, the British Government was represented by Mr. George Mounsey, as Agent, and by the Right Hon. Sir Douglas Hogg, K.C., M.P., His Britannic Majesty's Attorney-General, and the Right Hon. Sir Ernest Pollock, Bart., K.B.E., K.C., M.P., as Counsel. The French Government was represented by M. Mérillon as Agent and Professor de Lapradelle as Agent-Adjoint. Each Government submitted a case and a counter case, and the Court also heard oral arguments from both. The arguments before the Court consumed five days, and during the extraordinary session January 8 to February 7, the Court held twenty meetings.

The dispute had arisen as a consequence of the promulgation by the French Government of decrees converting certain British subjects in Tunis and Morocco (French zone) into French citizens, with the consequence that the French Government began to enforce a liability for military service in the French army. Extended negotiations between the British and French Governments had been conducted before the original communication of the question to the Council of the League of Nations. In these negotiations,

Great Britain had relied upon various treaties applying to the French protectorates over Tunis and Morocco, especially the Anglo-French arrangement of September 18, 1897, containing a most-favored-nation clause. But the British insistence had failed to produce any modification in the French decrees, and the French Government had contended throughout that the matter was not open to settlement by diplomatic negotiation.

The argument before the Court was addressed to the single question of the nature of the dispute, and the Court very conscientiously confined itself to the limits of that question. The British Government contended that the existence and abrogation of various treaties were involved, as well as the construction of the terms of such treaties, with the result that the question must be one of an international nature. The French Government contended on the other hand, that "the sovereign right of a nation to legislate upon nationality questions within its own territory governs the situation in Tunis and Morocco under French protectorate as in France itself." It was insisted that the French protectorates in Tunis and Morocco demanded the "progressive assimilation of the customs and laws of the protectorate to those of the protecting country." France refused to admit that there was any limit on her power in this respect as a result of any applicable international engagement.

On February 7, 1923, the Court handed down a unanimous opinion holding that the dispute "is not, by international law, solely a matter of domestic jurisdiction (Article 15, paragraph 8 of the Covenant)." In the first place, it was held that the language of the Covenant was not to be given "an extensive interpretation." And the following passage from the opinion of the Court seems to indicate a due regard for the influence which its pronouncements are likely to have on future conduct:

> The question whether a certain matter is or is not solely within the jurisdiction of a state is an essentially relative question; it depends upon the development of international relations. Thus, in the present

state of international law, questions of nationality are, in the opinion of the Court, in principle within this reserved domain.

It was clearly held that a dispute does not achieve an international character merely as a consequence of its being brought before the Council of the League of Nations, nor as a consequence of appeals by a party to the dispute to engagements of an international character. The Court found the Aaland Islands case authority for this proposition. The French protectorates of Tunis and Morocco were examined in great detail, and it was concluded that while a state possesses exclusive jurisdiction in regard to nationality questions in its own territory, it is a question of international law whether such a jurisdiction extends over protected territory as well. The French Government had contended that certain treaties relied upon by Great Britain had lapsed as a result of the principle of *rebus sic stantibus*. This was held by the Court to be a question of international law. The effect of British declarations in the past with regard to Tunis was also found to be involved, and this was clearly a question of international law. Great Britain's reliance on the most-favored-nation clause in the Anglo-French arrangement of September 18, 1897, had also raised a question of international law.

It is notable that the French judge on the Court, Judge Weiss, concurred in the opinion that for these numerous reasons the dispute was not by international law solely a matter of domestic jurisdiction.

When the opinion was announced on February 7, the Agent for the French Government immediately declared that its conclusions were accepted by the French Government and that the French Government desired the case to be submitted on its merits to the Permanent Court of International Justice. This later proposal was not immediately agreed to by the British Government, however. When the Court again met on June 15, 1923, the French and British Governments informed the President of an amicable arrangement concluded between them on May 24,

the result of which was to compromise the matter in such a way as to call for no further proceedings before the Court. The French Government had agreed to permit certain British nationals to decline French nationality, on the understanding that the privilege of declination did not extend to succeeding generations. It was stated in the arrangement that neither Government would abandon its point of view, nor would the arrangement itself form a precedent for the future. The differences between the Governments, therefore, having lost their practical importance, did not call for further proceedings before the Permanent Court of International Justice.

ADVISORY OPINION NO. 5 — DISPUTE BETWEEN FINLAND AND RUSSIA[1]

Where an advisory opinion on the legal effect of treaty provisions would involve a prejudging of a dispute with reference to the execution of such treaty provisions, the Court will not give such an advisory opinion unless both parties submit to the Court's jurisdiction.

On April 21, 1923, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the following question: "Do Articles 10 and 11 of the Treaty of Peace between Finland and Russia, signed at Dorpat, on October 14th, 1920, and the annexed Declaration of the Russian Delegation regarding the autonomy of Eastern Carelia, constitute engagements of an international character which place Russia under an obligation to Finland as to the carrying out of the provisions contained therein?"

The question came before the Court at its third (ordinary) session, begun on June 15, 1923. Notice of the request had been circulated as required by Article 73 of the Rules of Court, and by special decision notice was sent to the Soviet Government of Russia. Various documents

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 5, and Series C, No. 3, Vols. I and II.

were submitted to the Court by the Council and by Finland, and a representative of the Finnish Government was heard in oral argument. The Russian People's Commissary for Foreign Affairs, M. Tchitcherin, sent the Court a long telegram stating that his Government found it "impossible to take any part in the proceedings" which it regarded as "without legal value either in substance or in form."

In its opinion announced on July 23, 1923, the Court found that an "acute controversy" existed between Finland and Russia with regard to the Declaration which had been made at Dorpat concerning Eastern Carelia. "The Finnish Government maintain that it forms part of the contract between the two countries and that the Treaty was signed on the terms that the Declaration was as binding as the Treaty itself. The Soviet Government maintain that the Declaration was not by way of contract, but was only declaratory of an existing situation and made merely for information." To attempt to deal with this controversy even to the limited extent of giving an advisory opinion, "would be substantially equivalent to deciding the dispute between the parties."

But the Court found it to be "well established in international law that no state can without its consent be compelled to submit its disputes with other states either to mediation or to arbitration, or to any other kind of pacific settlement." The Court intends to abide by this principle very strictly. "The Court, being a Court of Justice, cannot, even in giving advisory opinions, depart from the essential rules guiding their activity as a Court." So in this case the Court regretfully declined to give any opinion. Yet it took account of the long history of the dispute, and added that it did not "regret that the question has been put" by the Council of the League of Nations, for "all must now realize that the Council has spared no pains in exploring every avenue which might possibly lead to some solution."

Four of the judges did not share the conclusions of the majority, however. These conclusions are rather curiously

referred to as an "opinion," and are published in the "Collection of Advisory Opinions," though in reality they amount to a refusal to give an opinion. This refusal is a clear indication of the judges' determination that the limitations surrounding judicial action are to be rigidly observed, even in the exercise of their function of giving advisory opinions.

ADVISORY OPINION NO. 6 — PROTECTION OF GERMAN SETTLERS IN POLAND[1]

Poland's international obligations under the Minorities Treaty of June 28, 1919, involve the protection of German colonists sent into German Poland before the war, requiring Poland to respect contracts and leases made by the German Government with these colonists; and the position taken by Poland after the war was not in conformity with its international obligations.

On February 3, 1923, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on two questions: (1) whether Poland's refusal to recognize contracts and leases made by certain German colonists with the German Colonization Commission before the end of the war, involved an international obligation within the competence of the League of Nations under the Polish Minorities Treaty of June 28, 1919;[2] and, (2) if so, whether Poland's position with respect to these contracts and leases was in conformity with her international obligations.

The matter came before the Court when it met for its third (ordinary) session on June 15, 1923. Various documents were submitted by the Council of the League of Nations and by the Polish and German Governments. Oral arguments were heard also by the representatives of the Polish Government, Count Rostworowski and Sir

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 6, and Series C, No. 3, Vols. I and III.

[2] *Protection of Linguistic, Racial and Religious Minorities by the League of Nations*, p. 42 (C. L. 110, 1927, I. Annex. 1927. I. B. 2).

Ernest Pollock, formerly Attorney-General of Great Britain, and by the representative of Germany, M. Schiffer, ex-minister of Justice.

The Polish Government had ousted two classes of German colonists: those holding under contracts entitling the colonist to receive title to the land, where the definitive conveyance had not been completed until after the Armistice of November 11, 1918; and those holding under leases for which such contracts had been substituted after the date of the armistice. On May 17, 1922, the Council of the League of Nations had requested Poland to suspend such measures.

In its opinion announced on September 10, 1923, the Court first considered the competence of the League of Nations to deal with the matter, under the provisions of the Minorities treaty. In this connection, it held that "the fact that no racial discrimination appears in the text of the law of July 14, 1920, and that in a few instances the law applies to non-German Polish nationals who took as purchasers from original holders of German race, makes no substantial difference. . . . There must be equality in fact as well as ostensible legal equality in the sense of the absence of discrimination in the words of the law." It then held that the German Government "is to be considered as having continued to be competent to undertake transactions falling within the normal administration of the country" in the period between November 11, 1918, when the armistice was signed, and January 10, 1920, when the treaty of Versailles came into force.

Proceeding then to examine the legal character of the contracts under which the settlers held, the Court found that they were enforceable contracts which gave interests in the land not unlike the interests of a holder of an equitable title in Anglo-American law. "A purchaser acquired a *jus ad rem* and after *Auflassung* had a *jus in re*." And it was careful to announce that "the fact that there was a political purpose behind the colonization scheme can not affect the private rights acquired under the law." Such

private rights, whether acquired by contract or by lease, "do not cease on a change of sovereignty," nor is any treaty provision required to preserve them. No provisions in the treaty of Versailles had prohibited Germany's dealing with such rights in the ordinary normal way, even after the armistice, and hence Poland was bound to respect such dealing on taking over the governance of the territory. The Court therefore pronounced that "the position adopted by the Polish Government . . . was not in conformity with its international obligations."

When the question later came before the Council of the League of Nations on December 17, 1923, Poland announced that her policy would be re-shaped to accord with the law enunciated by the Court, and agreed to compensate colonists already ousted illegally and suspend further proceedings against other colonists.

By negotiation between the Polish Government and a committee of the Council, the amount of compensation was agreed upon, and on June 17, 1924, the Council took note of the fact that the question was settled.

ADVISORY OPINION NO. 7—ACQUISITION OF POLISH NATIONALITY BY GERMAN SETTLERS[1]

Under the Treaty for the Protection of Minorities in Poland, the Council of the League of Nations is competent to deal with questions as to acquisition of Polish nationality by German Settlers, and Article 4 of the Treaty makes habitual residence of parents at the date of birth of settlers concerned, but not at any later date, a condition of acquiring nationality.

On July 7, 1923, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the competence of the League of Nations under the Minority Treaty between the Principal Allied and Associated Powers

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 7, and Series C, No. 3, Vols. I and III.

and Poland, and on the proper interpretation to be placed on Article 4 of that treaty.[1] The Court was in session when the resolution was adopted, and became seised of the questions on receipt of a letter from the Secretary-General of the League, dated July 11, 1923.

Notice of the request was sent to all Members of the League of Nations, to the United States, Ecuador and the Hedjaz as states mentioned in the Annex to the Covenant, and to the German Government. The decision of the Court to send notice to Germany has evoked some adverse criticism on the ground that Germany is not a party in interest with respect to a question arising under the Minority Treaty between the Allied Powers and Poland, even though the question relates to a Germanic group in Poland. But the Court's action would seem to have been a proper exercise of discretion, even though Article 73 of the Rules of Court did not require it. Oral arguments were heard on behalf of Poland and of Germany, but Rumania's request to be heard came too late.

The question was originally raised by a petition of November 12, 1921, of the Germanic League of Bydgoszcz submitted to the Council. Article 4 of the Minority Treaty provides that

> Poland admits and declares to be Polish nationals *ipso facto* and without the requirement of any formality persons of German, Austrian, Hungarian or Russian nationality who were born in the said territory of parents habitually resident there, even if at the date of the coming into force of the present treaty they are not themselves habitually resident there.

The Polish Government had decided to treat certain persons who were former German nationals as not having acquired Polish nationality and as continuing to possess German nationality, because their parents were not habitually resident in the territory, both on the date of birth of the person concerned and on the date when the Minority treaty came into force on January 10, 1920. When the

[1] Work cited, p. 43.

question was raised in the Council of the League of Nations, Poland contended that it was not within the jurisdiction of the Council, which was limited to questions concerning minorities consisting of Polish nationals. It was necessary for the Court therefore to deal with this basic question of jurisdiction, as well as with the proper interpretation of the nationality provisions of the treaty.

In the unanimous opinion handed down on September 15, 1923, the Court held that the matter was within the competence of the League of Nations. The statesmanship of the Court is evidenced by its general appreciation of the nature of the minorities treaties, and the office which they are designed to serve in the postwar world:

> The Minorities treaties in general, and the Polish treaty in particular, have been concluded with new states, or with states which, as a result of the war, have had their territories considerably enlarged, and whose population was not therefore clearly defined from the standpoint of political allegiance. One of the first problems which presented itself in connection with the protection of the minorities was that of preventing these states from refusing their nationality, on racial, religious or linguistic grounds, to certain categories of persons, in spite of the link which effectively attached them to the territory allocated to one or other of these states. It is clearly not a purely fortuitous circumstance that the treaties for the protection of minorities contain provisions relating to the acquisition of nationality. Again, the fact that in some cases these provisions merely repeat, either in their entirety or in part, principles laid down in the Peace Treaties, would appear to be explained by the intention to extend to these principles the guarantee of the League of Nations, no matter what points of difference or resemblance there may be between these treaties.

Lord Finlay concurred in the conclusions of the Court, but he would have gone further in his definition of the minorities protected by the treaty:

> It therefore appears that while such elementary rights as those of life and liberty are secured to all inhabitants, there are a great many rights secured to Polish *ressortissants* only, and it is with regard to such rights that the question of unfair treatment of minorities must arise in the immense majority of cases. Of course, it is conceivable that there might be a case in which protection for life and liberty was refused

to some unpopular minority of inhabitants. In that case the minority would be one of a mass of inhabitants, whether Polish nationals or not; but such cases must be rare. The point will arise in the immense majority of cases with regard to such Articles as 7, 8 and 9 and the rights which they confer on all Polish *ressortissants* including German or other minorities.

Having decided the question of competence, the Court proceeded to hold that the Polish Government had improperly required that parents of the persons in question should be living in the territory on January 10, 1920, as well as on the date of birth of their children. It was of the opinion that the clause of the treaty quoted "leaves little to be desired in the nature of clearness." And it was pointed out that the interpretation contended for by Poland would have the effect of depriving of Polish nationality a person born in Poland of parents habitually resident there at the time, simply because his parents were dead on January 10, 1920.

The advisory opinion was duly transmitted to the Secretary-General of the League of Nations, and on September 22, 1923, the Council "adopted" it. The matter has since been the subject of negotiations between Poland and Germany, and was finally submitted to the arbitration of M. Georges Kaeckenbeeck, chairman of the Arbitral Tribunal of Upper Silesia. On August 30, 1924, Poland and Germany signed a convention accepting the award of the arbitrator. This convention has been ratified, and registered with the Secretariat.[1]

[1] League of Nations, *Treaty Series*, XXXII, p. 332.

ADVISORY OPINION NO. 8 — THE JAWORZINA BOUNDARY QUESTION BETWEEN POLAND AND CZECHOSLOVAKIA[1]

A decision by the Conference of Ambassadors with reference to the boundary between Poland and Czechoslovakia, accepted by both states, was definitive and the question was not reopened by later negotiations.

On September 27, 1923, the Council of the League of Nations adopted a resolution requesting the Permanent Court of International Justice to give an advisory opinion on the question whether the delimitation of the frontier between Poland and Czechoslovakia in the region known as the Spisz district (Jaworzina) was still open, or whether it should be considered as settled by a definitive decision of the Conference of Ambassadors. The resolution set forth the case of the Polish Government and the case of the Czechoslovak Government, and the Council requested the two Governments concerned to be prepared to assist the Court by furnishing it with relevant documents and information. A *dossier* communicated to the Council by the Conference of Ambassadors was transmitted to the Court.

The Court became seised of the matter on receipt of a letter from the Secretary-General of the League of Nations, dated September 29, 1923. In view of the urgency, the Court convened in extraordinary session on November 12, 1923. This session continued from November 12 to December 6, when the opinion was handed down. The Polish Government was represented by M. Mrozowski, President of the Supreme Court of Poland, and the Czechoslovak Government by Professor Krcmar and Dr. Krno. Oral arguments on both sides were heard on November 14.

The question of the boundary between Poland and Czechoslovakia had long been before the Conference of Ambassadors at Paris, which on July 27, 1923, decided to lay the difficulties before the Council of the League and to

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 8, and Series C, No. 4.

ask the Council to recommend a solution. It was stated that the Governments represented in the Conference of Ambassadors would have no objection should the Council see fit to ask the opinion of the Court of International Justice on the legal questions involved. It had been decided on September 27, 1919, that a plebiscite should be held in the Spisz district, but so many difficulties developed that the Spa Conference in July, 1920, suspended this arrangement. On July 28, 1920, the Conference of Ambassadors at Paris had decided upon a boundary line between Poland and Czechoslovakia, subject to modifications of detail by a delimitation commission. This decision had been accepted by both Poland and Czechoslovakia. Later negotiations had been undertaken, however, which continued for three years without reaching any different result. So it became necessary to determine whether the decision of the Conference of Ambassadors of July 28, 1920, had a final character.

The opinion of the Court was unanimous that the decision of July 28, 1920, was to be treated as definitive. "The final character of the decision referred to above is also shown, with special clearness, by the declaration appended to the decision, which is signed by the plenipotentiaries of Poland and Czechoslovakia." Not only was "the task intrusted to the Conference of Ambassadors by the Supreme Council fulfilled by the decision of the Conference, but the decision itself was put into execution." It was necessary for the Court to review the entire history of the negotiations which followed the Spa Conference. Throughout this review, the Court showed a disposition to take account of the complexities of the postwar situation and the difficulties in stabilizing it.

When, as a result of the European War and the dissolution of the Austro-Hungarian Monarchy, Poland and Czechoslovakia were reestablished as independent states, their frontiers were, generally speaking, indicated by the same historical and ethnological factors which had led to their reconstitution.

The necessity remained, however, either for a formal pronouncement with regard to the extent of the territories respectively allocated to two

states above-mentioned or for a settlement of territorial questions in regions where, owing to special circumstances, the historical or ethnological frontier remained uncertain or met with difficulties which prevented the parties concerned from voluntarily accepting it.

The task of insuring the recognition of the frontiers of the new states and of settling disputes which might arise between them was undertaken by the Principal Allied and Associated Powers represented in the Supreme Council then sitting at Paris.

But the two states were held to have given to the decision of the Conference of Ambassadors "over and above the authority possessed by a decision of the Principal Allied and Associated Powers," the "force of a contractual obligation."

A question also arose as to the effect of later interpretations placed on the decision by the Conference of Ambassadors itself. The Court refused to admit that the Conference was competent to change the clear effect of a decision by a later interpretation.

The duties of the Conference, as has already been pointed out by the Court, had some points in common with those of an arbitrator entrusted by two states with the settlement of a frontier dispute between them. But in the absence of an express agreement between the parties, the arbitrator is not competent to interpret, still less modify his award by revising it. The decision of July 28th, which was accepted by the Polish and Czechoslovak Governments, contains no mention of an agreement of this kind.

Through long and tedious negotiations by different officials, the Court traced the history of the efforts to reach a settlement of the boundary question without its aid. In the end, it was determined that these negotiations did not have the effect of upsetting the original decision of the Conference of Ambassadors on July 28, 1920, which is definitive. It was pointed out, however, that this decision should be applied in its entirety, with authority in the delimitation commission to make modifications of detail in marking out the actual boundary.

The advisory opinion was duly transmitted to the Council of the League of Nations which met in Paris in

December, 1923. At the Council's request, the Conference of Ambassadors invited the Delimitation Commission to submit fresh proposals in conformity with the Court's opinion. When the report of the Commission came before the Council on March 12, 1924, the Council recommended a definite frontier and suggested that the final decision should be accompanied by protocols to protect the interests of the inhabitants. A protocol was drawn up at Cracow on May 6, 1924, and approved by the Conference of Ambassadors, which decided, on September 5, 1924, that the frontier should be delimited in accordance with the Council resolution of March 12, 1924.

ADVISORY OPINION NO. 9—THE MONASTERY OF SAINT-NAOUM AND THE ALBANIAN FRONTIER[1]

By a decision of the Conference of Ambassadors of December 6, 1922, the Principal Allied Powers exhausted the mission contemplated by a Resolution of the Assembly of the League of Nations of October 2, 1921, with respect to the frontier between Albania and the Kingdom of the Serbs, Croats and Slovenes at the Monastery of Saint-Naoum.

Albania was created an independent state by the Powers in 1913. The treaty of London of May 17/30, 1913, reserved to the Great Powers the task of settling her frontiers, and a Conference of Ambassadors sat for this purpose in London in that same year. The task had not been completed, however, when the war put an end to it. In 1919, the Peace Conference resumed the responsibility. After her admission as a Member of the League of Nations in 1920, Albania sought the assistance of the Council and Assembly of the League, and on October 2, 1921, the latter body by a unanimous vote left the task of further defining her boundaries to the Principal Allied Powers and recommended that Albania accept their decision. A Commission

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 9, and in Series C, No. 5, Vol. II.

of Inquiry was sent to Albania by the League, and a Delimitation Commission was dispatched there by the Conference of Ambassadors at Paris. Both of these commissions encountered difficulties which had arisen over the Albanian-Jugoslav boundary in the region of the Monastery of Saint-Naoum.

These difficulties came before the Conference of Ambassadors at Paris as the body through which the Principal Allied Powers effect joint action, and both Albania and the Serb-Croat-Slovene State stated their contentions at great length. The Conference of Ambassadors also had before it the opinions of each of the members of the Delimitation Commission. It proceeded to a decision on December 6, 1922, allocating the Monastery of Saint-Naoum to Albania. Five months later, the Jugoslav Government sought a revision of this decision and after protracted negotiations the Conference decided, on June 4, 1924, to submit two questions to the Council of the League of Nations: (1) Have the Principal Powers exhausted their mission by the decision of the Conference of December 6, 1922? And (2) If not, what solution should be adopted as to the frontier at this spot?

On June 17, 1924, the Council of the League of Nations decided to request an advisory opinion from the Permanent Court of International Justice on the following question:

> Have the Principal Allied Powers, by the decision of the Conference of Ambassadors of December 6, 1922, exhausted, in regard to the frontier between Albania and the Kingdom of the Serbs, Croats, and Slovenes at the Monastery of Saint-Naoum, the mission, such as it has been recognized by the interested parties, which is contemplated by a unanimous resolution of the Assembly of the League of Nations of October 2, 1921?

Various documents were submitted to the Court with this request, and both the Albanian and Serb-Croat-Slovene Governments submitted briefs. Oral arguments were addressed to the Court on July 23, 1924, by M.

Spalaikovitch on behalf of the Serb-Croat-Slovene Government, by Professor Gilbert Gidel of the University of Paris on behalf of the Albanian Government and by M. Kapsambelis on behalf of the Greek Government. On September 4, 1924, the Court handed down a unanimous opinion to the effect that the Principal Allied Powers have exhausted their mission by the decision of December 6, 1922. This means that the allocation of the Monastery of Saint-Naoum to Albania was definitive, and the result has not been upset by the Conference of Ambassadors.

The Court found it clear that the Conference of Ambassadors is the authorized agent of the Principal Allied Powers whose competence in these premises had been recognized by Albania, by Greece, and by the Serb-Croat-Slovene State. Reference is made to the Jaworzina opinion[1] as establishing the "general legal considerations determining the nature and effects" of the decisions of the Conference in matters of this kind. The Conference had stated the various reasons for its allocation of the Monastery to Albania. The Protocol of London of 1913 had specified that the western and southern shore of Lake Ochrida "from the village of Lim to the Monastery of Saint-Naoum" should form part of Albania, leaving it an open question whether the Monastery should be in Albania or not. The Conference of Ambassadors was therefore compelled to decide the question.

The Jugoslav contention that the Monastery had been allocated to Serbia in 1913 was carefully examined by the Court which concluded that "the documents placed before it and the arguments adduced on this point do not suffice to prove that the Conference of Ambassadors was mistaken in holding that the Albanian frontier at Saint-Naoum had not been definitely fixed in 1913." The Court was unable to find that any principle had been established in 1913 to the effect that "all disputed areas on the borders of Albania and Serbia containing Christian orthodox sanctuaries of national or historical importance, which

[1] See p. 65.

during the Balkan Wars had been redeemed from Mussulman domination should be allocated to Serbia."

The decision of December 6, 1922, was also attacked on the ground that it had been reached on erroneous information and without regard to certain essential facts. The Court found that such was not the case, without commiting itself to the possibility of any action if the facts had turned out to be otherwise. It failed to find, also, that any new facts had been brought to light which were not known to the Conference of Ambassadors at the time of its decision.

The opinion was read at a public session of the Court at the Peace Palace at The Hague on September 4, 1924, and thereafter a copy of the opinion was forwarded to the Council of the League of Nations.

ADVISORY OPINION NO. 10 — EXCHANGE OF GREEK AND TURKISH POPULATIONS[1]

To be considered as "established" in Constantinople under the terms of the convention of Lausanne of January 30, 1923, and therefore not included in the exchange of populations between Greece and Turkey, Greek inhabitants must reside within certain boundaries of the Prefecture of the City of Constantinople, and must have arrived prior to October 30, 1918, with an intention to reside there for an extended period.

The peace settlement with Turkey which was made at Lausanne in 1923 was embodied in a number of treaties, conventions and protocols.[2] At the time popular interest was particularly aroused by a convention between Greece and Turkey, signed on January 30, 1923, providing for the compulsory exchange of Turkish nationals of the Greek orthodox religion established in Turkish territory and of Greek nationals of the Moslem religion established in Greek

[1] Reported in Publications of the Permanent Court of International Justice, Series B, No. 10. Proceedings printed in Series C, No. 7, Vol. I.

[2] Great Britain, *Treaty Series* No. 16 (1923), Cmd. 1929.

territory. Certain inhabitants of Constantinople and Western Thrace were not included in the exchange. A Mixed Commission was provided for to supervise and facilitate the emigration of persons who were included, to consist of four members representing each of the parties and three members chosen by the Council of the League of Nations. This Mixed Commission was duly constituted, and in the course of its work in 1924, serious difficulties arose.

Prior to October 21, 1924, the Turkish authorities "sent to the hospitals at Baloukli, under police escort, something like 4,500 Greeks who, according to the lists prepared by the various areas of the Prefecture of the City [of Constantinople], were shown as arrived after October 30, 1918." This necessitated a construction of the word "established" in the Lausanne Convention. The question was studied by the Mixed Commission and its legal section throughout September, 1924, with a resulting deadlock during which the Mixed Commission could not even meet. On October 22, 1924, the Greek Government appealed to the Council of the League of Nations under Art. 11 of the Covenant. On October 31, 1924, at its 31st session, the Council adopted a report inviting the Mixed Commission to hold a plenary meeting and suggesting the possibility of recourse to the Court either by Greece and Turkey directly, or through the Council for an advisory opinion. The Mixed Commission met on November 15, and on November 16 it unanimously decided to request the Council to seek an advisory opinion from the Court. On December 13, 1924, the Council voted to ask the Court to give an advisory opinion on the following question:

> What meaning and scope should be attributed to the word "established" in Art. 2 of the convention of Lausanne of January 30, 1923, regarding the exchange of Greek and Turkish populations, in regard to which discussions have arisen and arguments have been put forward which are contained in the documents communicated by the Mixed Commission? And what conditions must the persons who are described in Art. 2 of the convention of Lausanne under the name of "Greek

inhabitants of Constantinople" fulfil in order that they may be considered as "established" under the terms of the Convention and exempt from compulsory exchange?[1]

Notice of the request was sent by the Court to all members of the League of Nations, to the United States and other nonmembers named in the annex to the Covenant, and to Turkey and the Mixed Commission.

Owing to the urgency of the question, an extraordinary session of the Court was convoked, beginning on January 12, 1925. The Greek and Turkish Governments each presented its case, and oral arguments were heard by M. Politis, Greek Minister at Paris, and Dr. Tevfik Rouchdy Bey, President of the Turkish Delegation to the Mixed Commission. The unanimous opinion of the Court, Judge Moore not sitting, was handed down on February 21, 1925.

The Court first excluded from its consideration the position of the Œcumenical Patriarchate of Constantinople, on the ground that it was not included in the questions put for the advisory opinion; though the Greek representative had presented the view that apart from any question of establishment at Constantinople the prelates of the Orthodox Church were exempt from exchange. The meaning of "established" was to be determined, not in the abstract, but as the word had been used in Art. 2 of the convention. This was held to be a question of international law, and not a question of domestic concern between the administration and the inhabitants. Art. 2 of the convention operated to withdraw persons otherwise covered by Art. 1. The French *établissement* — the French language being controlling — embraces both residence and stability. It has much in common with the conception of domicile in

[1] Art. 2 of the Lausanne Convention reads as follows:

The following persons shall not be included in the exchange provided for in Art. 1: —

(*a*) The Greek inhabitants of Constantinople.

(*b*) The Moslem inhabitants of Western Thrace.

All Greeks who were already established before October 30, 1918, within the areas under the Prefecture of the City of Constantinople, as defined by the law of 1912, shall be considered as Greek inhabitants of Constantinople.

All Moslems established in the region to the east of the frontier line laid down in 1913 by the treaty of Bucharest shall be considered as Moslem inhabitants of Western Thrace.

several modern legal systems, but the convention refers rather to a situation of fact than to the legal sense of the term according to any national legislation. There is no indication that the authors of the convention had in mind any national legislation, and the word ought to mean the same as to the Greek population of Constantinople and the Moslem population of Thrace. Hence the Court did not approve the Turkish contention that the convention required the Greeks to be *established* according to the Turkish legislation. This involved no derogation from Turkey's sovereign rights, as the Court had decided in the case of the *Wimbledon*, cited in the opinion. Nor was the Court able to approve the Turkish contention that the municipal courts should be left to decide the question, in view of the convention's provisions conferring that function on the Mixed Commission which is alone competent to say whether any Greek inhabitant is *established*.

In respect of the conditions to be fulfilled by *established* persons, the Court was unwilling to go beyond the actual controversy in interpreting Art. 2 of the convention, not being in possession of sufficient information to enable it to do so. The degree of stability required was not susceptible of exact definition. It would be satisfied by a person who came to Constantinople to make his fortune, though he intended subsequently to return to his place of origin. It was for the Mixed Commission to deal with complex problems of family unity. The origin of persons concerned was of no consequence. The only date to be considered was clearly October 30, 1918, the date of the original armistice with Turkey.

Hence the Court answered the two questions before it by saying that the purpose of the word *established* in Art. 2 of the Lausanne Convention was to refer to a situation of fact constituted by residence of a lasting nature, and that to be exempt persons must reside within the boundaries of the Prefecture of the City of Constantinople as defined by the law of 1912, having arrived from any other place

prior to October 30, 1918, with intention to remain for an extended period.

The advisory opinion was communicated to the Council and considered by that body at its 33rd session in March, 1925. Meanwhile, the question of the Patriarchate had become acute. It was brought before the Council by the Greek Government, and Turkey having denied the Council's jurisdiction, the Council requested another advisory opinion of the Court on the question of its jurisdiction. This matter was on the docket of the Court when it met on June 15, 1925, for its annual ordinary session. On June 19, the President of the Court stated that the Council of the League had decided to withdraw the request because the Greek Government had informed it that private negotiations between the Greek and Turkish Governments had resulted in a settlement.[1]

ADVISORY OPINION NO. 11 — THE POLISH POSTAL SERVICE IN THE FREE CITY OF DANZIG[2]

The Polish Government is entitled under treaties in force to maintain a postal service in the Port of Danzig, not restricted to a single office, which may be open to the public use.

On March 13, 1925, the Council of the League of Nations requested the Permanent Court of International Justice to give an advisory opinion on the following questions:

(1) Is there in force a decision of General Haking which decides . . . the points at issue regarding the Polish postal service, and, if so, does such decision prevent reconsideration by the High Commissioner or the Council of all or any of the points in question?

(2) If the questions set out at (*a*) and (*b*) below have not been decided by General Haking,

(*a*) Is the Polish postal service at the Port of Danzig restricted to operations which can be performed entirely within its premises in the

[1] Publications of the Court, Series C, No. 9, Vol. II, p. 10, 97.

[2] Reported in Publications of the Permanent Court of International Justice, Series B, No. 11. Proceedings printed in Series C, No. 8.

Heveliusplatz, or is it entitled to set up letterboxes and collect and deliver postal matter outside those premises?

(*b*) Is the use of the said service confined to Polish authorities and officials, or can it be used by the public?

The occasion for the request was a dispute between Poland and Danzig which had been submitted to the Council, on appeal from a decision of the High Commissioner of Danzig. The treaty of Versailles (Art. 104) envisaged the negotiation of a treaty insuring to Poland the control and administration of postal communication between Poland and the Port of Danzig, and such a treaty, called a convention, was signed at Paris on November 9, 1920.[1] This convention was followed by the Warsaw Agreement of October 24, 1921, which made provision for a Polish postal service in Danzig, extending "to all classes and branches of the traffic service and of the technical and administrative services and the installations necessary for such services." Certain premises in the Heveliusplatz in Danzig were acquired by Poland on March 9, 1922, and thereafter certain difficulties arose as to the extent of the Polish service. Negotiations did not result in any agreement, and on January 5, 1925, after previous notice, Poland proceeded to set up letterboxes bearing Polish inscriptions in various streets of Danzig. On January 7, 1925, at night, these letterboxes seem to have been repainted in the old German colors by persons unknown, and an unfortunate incident was created.

The difference was submitted to the High Commissioner, M. S. MacDonnell, whose opinion rendered on February 2, 1925, held that the question had been decided by a previous High Commissioner, General Haking, on May 25, 1922, and that Poland was not entitled to have any postal installations or service outside the Heveliusplatz, where its use was limited to Polish authorities and overseas mails. From this decision, Poland appealed to the Council of the League of Nations under provisions of treaties in force.

The urgency of the questions submitted led the President

[1] League of Nations, *Treaty Series*, VI, p. 189.

of the Court to summon an extraordinary session for April 14, 1925. Notice was sent to every Member of the League of Nations, to the United States and other countries on the Court's list, and to Danzig. Both Poland and Danzig submitted various documents, but did not request an oral hearing. The opinion was handed down on May 16, 1925. The Court treated the first question as one of *res judicata*. It could not find that the precise questions at issue had ever been submitted to General Haking, and it was inclined to disregard his dicta in opinions dealing with wholly different matters. Nor would it admit his power, once a decision had been given by him, to effect a later interpretation so as to vary its consequences; for the High Commissioner was exercising a judicial function in deciding disputes in the first instance, and therefore he was acting subject to the usual judicial limitations.

The Court then proceeded to a careful examination of all relevant treaty texts, to answer the second question. These texts had employed the expression "Port of Danzig," a geographical conception, and it was not a part of the Court's function to say what was meant by the port. But within the area of the port, Poland had been given postal privileges in a very broad way, and neither were its operations confined to the Heveliusplatz, nor was its service confined to Polish officials.

After the opinion was read in open court at The Hague, it was forwarded to the Council of the League of Nations, and the latter "adopted" it on June 11, 1925. It then remained to trace the boundaries of the "Port of Danzig," for which the Council set up a special committee. The report of this committee was adopted by the Council on September 19, 1925.

ADVISORY OPINION NO. 12 — NATURE OF COUNCIL'S ACTION WITH RESPECT TO THE FRONTIER BETWEEN TURKEY AND IRAQ[1]

The reference of a dispute as contained in Art. 3 of the treaty of Lausanne empowers the Council to give a binding decision for which the votes of all members of the Council except the parties to the dispute are required.

On September 19, 1925, the Council of the League of Nations requested the Permanent Court of International Justice to give an advisory opinion on the following questions:

(1) What is the character of the decision to be taken by the Council in virtue of Art. 3, Paragraph 2 of the treaty of Lausanne? Is it, for example, an arbitral award, a recommendation, or a simple mediation?

(2) Must the decision be unanimous, or may it be taken by a majority? May the representatives of the interested parties take part in the vote?

The occasion for this request was a dispute between Great Britain and Turkey, which had been submitted to the Council by the British Government on August 6, 1924. The treaty of peace signed by the Allied Powers and Turkey at Lausanne, on July 24, 1923, had fixed the new boundaries of Turkey, and had provided that her boundary with Iraq (Mesopotamia), which was under British Mandate, should be arranged by friendly arrangement between Turkey and Great Britain within nine months; and failing such agreement it was provided that the dispute shall be referred to the Council of the League of Nations. It was also stipulated at Lausanne, in a protocol signed on the same date as the treaty of peace, that the period of nine months should begin to run on the opening of negotiations which were to follow an evacuation. Such negotiations were begun on October 5, 1923, and the period expired on July 5, 1924, without any boundary being arranged.

Before the Council of the League of Nations, in Sep-

[1] Reported in Publications of the Court, Series B, No. 12. Proceedings printed in Series C, No. 10.

tember, 1924, the question was first raised as to the office of the Council in the premises. The British Government agreed in advance to accept the Council's decision. The Turkish Government would only recognize the powers of the Council under Art. 15 of the Covenant — though it is to be noted that Turkey is not a Member of the League of Nations. But later negotiations led the Council to believe that both parties were agreed on accepting the Council's decision. The Council therefore proceeded to send a commission of investigation to Iraq, and after its report on July 16, 1925, the discussion in the Council was resumed. It then appeared that the juridical difference as to the Council's function had subsided, and the Council voted to make its request for the advisory opinion.

On receipt of the request, the President of the Court convoked a special session for October 22, 1925. The British Government was then represented before the Court by Sir Douglas Hogg, Attorney General, and Sir Cecil Hurst, legal adviser to the Secretary of State for Foreign Affairs, and Alexander Fachiri. The Turkish Government was not represented by counsel, but it submitted certain documents and replied to certain questions addressed to it by the Court, in spite of a telegram sent to the Court by the Turkish Minister of Foreign Affairs saying that the questions before the Court were political in character, and hence not susceptible of a legal solution.

The Court traced the history of the negotiations which led up to the signature of the treaty of Lausanne, as well as of the attempts made afterward to fix the meaning of its provisions. Guided by the intention of the parties as indicated in the treaty itself, it was found that a final determination of the frontier by the Council had been envisaged, and that in agreeing on the intervention of the Council as a third party the parties had sought a definitive solution of the boundary by the Council. This interpretation was supported both by the provision for an interim maintenance of the *status quo*, and by other articles in the treaty of Lausanne. This conclusion was thought to be

so clear that recourse was unnecessary to the preparatory work preceding the final redaction of the article, but the Turkish Government had placed reliance on a statement made by Lord Curzon so that the Court addressed itself to such preliminaries. Lord Curzon's statement had been made before any draft of Art. 3 existed, and the Court was unable to find that it in any way modified the clear language of that article. Nor could anything be found in the facts subsequent to the signing of the treaty to vary the interpretation which the language necessitated. The Turkish Government's contention in its telegram that the fact of the Council's request for an opinion indicated that the language was not clear and should therefore be held to have imposed a minimum of obligation, was not approved. The Court was unwilling to categorize the final decision by the Council as an arbitral award, nor as a "recommendation" within the meaning of that term as used in Art. 15 of the Covenant; it preferred to treat the present case by itself, and to call the action to be taken simply a decision.

To reply to the second question put to it, the Court analyzed the nature of the Council as a body composed of "persons delegated by their respective governments, from whom they receive instructions and whose responsibility they engage." In such a body "observance of the rule of unanimity is naturally and even necessarily indicated." The general rule that arbitral tribunals decide by a majority was held to be inapplicable. But unanimity in such a case as the present one, in accordance with the principle laid down in Art. 15 of the Covenant, does not involve the concurrence of the representatives of the parties to the dispute. Hence while such representatives may vote, their votes are not essential to the unanimity required.

This opinion of the Court, which was unanimous, was duly communicated to the Council after it had been read in open court at The Hague, and was adopted by the Council on December 8, 1925. The Council then proceeded to take a definite decision as to the Turkish-Iraq boundary.

ADVISORY OPINION NO. 13 — COMPETENCE OF THE INTERNATIONAL LABOR ORGANIZATION TO REGULATE, INCIDENTALLY, THE WORK OF THE EMPLOYER[1]

The competence of the International Labor Organization extends to drawing up and to proposing labor legislation which, in order to protect certain classes of workers, also regulates incidentally the same work when performed by the employer himself.

The International Labor Organization, established by Part XIII of the treaty of Versailles, includes the International Labor Conference which holds a session each year, and the International Labor Office which is permanently located at Geneva and which is controlled by an International Governing Body. At the sixth session of the International Labor Conference in 1924, one item on the agenda was "nightwork in bakeries." A preliminary draft convention was adopted by the conference, on July 5, 1924, which would prohibit night work of all persons, proprietors as well as workers, engaged in making bread, pastry or other flour confectionery, without applying, however, to work done by members of the same family for their own consumption, nor to the wholesale manufacture of biscuits. Although objection was voiced by the employers' group in the conferences of 1924 and 1925, a draft convention in this sense was definitely adopted by the latter conference on June 8, 1925, by 81 votes to 26. The employers' representatives continued to entertain doubts as to the legality of this action on account of the application of the draft convention to the work of employers, and after some interval, the Governing Body decided, although the majority were convinced of the legality, to ask the Council of the League of Nations to request an advisory opinion of the Permanent Court of International Justice. On March 17, 1926, the Council voted to request such an opinion on the following question:

[1] Publications of the Permanent Court of International Justice, Series B, No. 13. Proceedings printed in Series C, No. 12.

Is it within the competence of the International Labor Organization to draw up and to propose labor legislation which, in order to protect certain classes of workers, also regulates incidentally the same work when performed by the employer himself?

When this request was communicated to the Court, notice of it was at once sent to all Members of the League of Nations, to the United States of America and to Ecuador, as well as to various international organizations considered as likely to be able to furnish information on the question submitted to the Court. The following organizations presented their views to the Court: the International Labor Organization, the International Organization of Industrial Employers, the International Federation of Trades Unions, the International Confederation of Christian Trade Unions.

The Court's opinion was handed down on July 23, 1926. The Court first pointed out that the question submitted did not relate to any particular branch of industry. It did not therefore have to consider what kind of legislation the conditions of the baking industry might justify. Moreover, the Court was not called upon "to deal with the work of the employer in general, but only in so far as such work is the same as that of the worker and as its regulation is incidental to a regulation proposed in order to protect certain classes of workers and to insure such protection." The word "workers" was taken to refer only to wage earners. The question put was "manifestly a question of law, the answer to which depends upon the terms of Part XIII of the treaty of Versailles of June 28, 1919, by which the competence of the International Labor Organization is defined." The Court proceeded to examine the provisions of Part XIII in detail. It concluded that the International Labor Organization "has no legislative power" and that the "language could hardly be more comprehensive" than that which states its general objects. The treaty itself provides "the means of checking any attempt on the part of the Organization to exceed its competence." It was therefore concluded that "the

high contracting parties clearly intended to give to the International Labor Organization a very broad power of cooperating with them in respect of measures to be taken in order to assure humane conditions of labor and the protection of workers." The history of the Organization itself indicates various instances of labor legislation which might have application to employers, and the Court thought it not improper "to resort to practice, national or international, for the determination of the extent of a particular governmental power." It follows from the reasoning in the Third Advisory Opinion of the Court,[1] that if it is assumed "that the competence of the International Labor Organization is limited to the work of the wage-earner, the Organization is not excluded from proposing legislation for the protection of wage-earners because such legislation may have the effect of regulating at the same time and incidentally the work of the employer."

The Court was careful to point out that it was "called upon to perform a judicial function," and not to discuss or apply political principles or social theories. It did not attempt "to indicate the limitation of any discretionary powers which the International Labor Organization may possess as regards the making of incidental regulations," nor did it "essay to consider controversial cases, actual or hypothetical, on which its opinion is not asked, and to intimate what, in its judgment, the decision upon them should be." An affirmative answer was given to the question put to the Court. The opinion was "done in English and in French, the English text being authoritative."

[1] See above, p. 51.

ADVISORY OPINION NO. 14 — JURISDICTION OF THE EUROPEAN COMMISSION OF THE DANUBE BETWEEN GALATZ AND BRAILA[1]

The European Commission of the Danube has the same powers over that part of the Danube from Galatz to Braïla, including the port of Braïla, as over lower portions, and its powers over the whole of the maritime Danube are divided from those of the Rumanian authorities by criteria of navigation and the obligation to insure freedom of navigation and equal treatment of all flags.

The request for this opinion was made by the Council of the League of Nations on December 9, 1926. The Council made this request at the instance of the Governments of France, Great Britain, Italy and Rumania, which had joined in an agreement on September 18, 1926,[2] for taking such action. The Council's request was communicated by the Registrar to all Members of the League of Nations and to all states entitled to appear before the Court. Memorials were filed with the registry by the British, French and Rumanian Governments, and replies or counter memorials were filed by the British, Italian and Rumanian Governments. All four Governments were represented at the oral hearings held in October, and the opinion was handed down on December 8, 1927.

The jurisdiction of the European Commission of the Danube, established in 1856, has long been in dispute. A treaty of March 10, 1883, purported to extend the jurisdiction from Galatz to Braïla, but Rumania was not a party to this treaty. However, "a sort of unwritten *modus vivendi* which was based on the circumstances" was applied, and powers were exercised by the European Commission over the upper sector. Various efforts were made to clear up the uncertainty. After the war, the treaty of Versailles set up a new International Commission to deal with upper

[1] Reported in Publications of the Court, Series B. No. 14.
[2] League of Nations, *Treaty Series*, LIX, p. 239.

Danube questions,[1] and a Statute of the Danube was drawn up in 1921 and later put into force;[2] but neither of these documents cleared up the question as to the powers of the older European Commission, referring always to the *status quo ante.* Nor did various discussions in the European Commission itself result in agreement. In 1924, at the request of the British Government the dispute was put on the agenda of the Advisory and Technical Committee for Communications and Transit of the League of Nations, and a special committee of inquiry which was constituted made an elaborate investigation and reported on July 2, 1925, with a series of conciliation proposals. Thereafter, the Advisory and Technical Committee for Communications and Transit expressed the opinion, in conformity with the conclusions of the special committee's report, that "the jurisdiction of the European Commission of the Danube extends from Galatz to above Braïla under the same conditions as from the sea to Galatz." Various conferences were later held, in the course of which the Rumanian delegate stated that his Government rejected the proposal to bring the matter to the Court for judgment. At the conclusion of these conferences, the agreement of September 18, 1926, was signed.

The first question submitted to the Court was:

> Under the law at present in force, has the European Commission of the Danube the same powers on the maritime sector of the Danube from Galatz to Braïla as on the sector below Galatz? If it has not the same powers, does it possess powers of any kind? If so, what are these powers? How far upstream do they extend?

An investigation of the "law at present in force" led the Court to examine the net-work of treaties relating to the Danube. The latest of these is the convention establishing the Definitive Statute of July 23, 1921, which evinces an intention that the jurisdiction of the two commissions of the Danube should leave no sector between them uncovered. It also describes the European Commission as

[1] Arts. 346–353.

[2] League of Nations, *Treaty Series*, XXVI, p. 174.

having jurisdiction "under the same conditions as before and without any modification of its existing limits." The Court refused to say that the Definitive Statute had perpetuated the divergence of views, and found it "quite reasonable to suppose that the controversy was settled on the basis of the *status quo ante bellum*." This view was based upon "the language employed in the Statute and on the historical facts upon which it rests, without any reference to preliminary discussions or drafts."

The Rumanian Government contended that between Galatz and Braïla the European Commission had only "technical powers" as distinguished from "juridical powers." It relied on texts used in the preparation of the Definitive Statute and the relevant articles of the treaty of Versailles — the Court refused to consider the latter on account of their confidential character; but these were considered insufficient to base the contention. It was admitted that Rumania had participated in the promulgation of regulations conferring powers upon the European Commission between Galatz and Braïla, and that certain powers had been exercised by the commission. If the exercise was only tolerated before the war, toleration implying a negation of rights, the "practice has now been converted into a legal right by Art. 6 of the Definitive Statute." An analysis of numerous treaties failed to reveal support for the Rumanian view, nor were the powers exercised by the European Commission in fact limited to what the Rumanians called "technical powers." On this, the Court accepted the findings of the special committee of inquiry which reported in 1925, to the effect that "from 1883 to 1899, and from 1904 to 1914, 63 cases had been adjudicated by the authorities of the European Commission." (Five more cases were pointed out by the Italian representative before the Court.) Comparing the powers exercised by the European Commission above Galatz with those exercised below Galatz, the Court found that the former "cover practically the same ground." Hence its conclusion that "under the law at present in force, the commission has the

same powers on these two sectors of the maritime Danube;" and it placed the "upstream limit" of the higher sector immediately above the port of Braïla, on the principle that "freedom of navigation upon a river must include navigation as far as the zone to be reached."

The second question submitted to the Court was, *inter alia*, whether the powers possessed by the European Commission on the Galatz-Braïla sector, if any, "extend over one or more zones, territorially defined and corresponding to all or part of the navigable channel, to the exclusion of other zones territorially defined and corresponding to harbor zones subject to the exclusive competence of the Rumanian authorities?" The Court thought that "the prewar situation of fact must be considered as maintained, even in so far as concerns the ports of Galatz and Braïla." Since the European Commission is intrusted with insuring "the free movement of vessels on the maritime Danube," it would be "inconceivable" that its territorial jurisdiction "should be interrupted by port sectors exclusively subject to the territorial authorities." No such "dismemberment" of the river has been effected by the treaties. Nor is any distinction to be drawn between the river surface and the land surface. Hence, the Court concluded that "as regards the ports in question, the dividing line between the respective competences of the European Commission and the Rumanian authorities is of a nonterritorial nature." Searching then for nonterritorial criteria, the Court adopted those (1) of navigation, the Commission being competent in regard to navigation in ports, whether the ships are passing through, or coming to, or leaving their moorings, and (2) of the obligation to insure freedom of navigation and equal treatment of all flags, the commission being competent as concerns the ports to exercise the supervision inherent in this obligation.

In view of these answers, it became unnecessary for the Court to deal with the third question. Judges Nyholm and Moore delivered separate concurring opinions, while Deputy-Judge Negulesco dissented.

APPENDIX I

DOCUMENTS CONCERNING THE COURT

STATES WHICH HAVE SIGNED THE PROTOCOL OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

(As of March 1, 1928)

States Signatory	Date of Ratification	States Signatory	Date of Ratification
Abyssinia	July 16, 1926	Irish Free State	Aug. 21, 1926 [3]
Albania	July 13, 1921	Italy	June 20, 1921
Australia	Aug. 4, 1921	Japan	Nov. 16, 1921
Austria	July 23, 1921	Latvia	Feb. 12, 1924
Belgium	Aug. 29, 1921	Liberia	
Bolivia		Lithuania	May 16, 1922
Brazil	Nov. 1, 1921	Luxemburg	
Bulgaria	Aug. 12, 1921	Netherlands	Aug. 6, 1921
Canada	Aug. 4, 1921	New Zealand	Aug. 4, 1921
Chile		Norway	Aug. 20, 1921
China	May 13, 1922	Panama	
Colombia		Paraguay	
Costa Rica		Persia	
Cuba	Jan. 12, 1922	Poland	Aug. 26, 1921
Czechoslovakia	Sept. 2, 1921	Portugal	Oct. 8, 1921
Denmark	June 13, 1921	Rumania	Aug. 8, 1921
Dominican Republic [1]		Salvador	
Estonia	May 2, 1923	Serb-Croat-Slovene State	Aug. 12, 1921
Finland	April 6, 1922	Siam	Feb. 27, 1922
France	Aug. 7, 1921	South Africa	Aug. 4, 1921
Germany	March 11, 1927	Spain	Aug. 30, 1921
Great Britain	Aug. 4, 1921	Sweden	Feb. 21, 1921
Greece	Oct. 3, 1921	Switzerland	July 25, 1921
Guatemala [2]		Uruguay	Sept. 7, 1921
Haiti	Sept. 7, 1921	Venezuela	Dec. 2, 1921
Hungary	Nov. 20, 1925		
India	Aug. 4, 1921		

Total — 52

[1] National Congress approved the signature December, 1926.

[2] Signed at Geneva, December 17, 1926.

[3] Letter notifying "that the Irish Free State is to be included among those Members of the League of Nations which have ratified."

STATES TO WHICH THE COURT IS OPEN

Afghanistan [1]	Liechtenstein [1]
Argentine Republic [2]	Mexico [1]
Danzig [1]	Monaco [1]
Ecuador [2]	Nicaragua [2]
Egypt [1]	Peru [2]
Hejaz [3]	San Marino [1]
Georgia [4]	Soviet Union [1]
Honduras [2]	Turkey [1]
Iceland [1]	United States [2]

Total — 18

[1] Notified by the Court of the resolution of the Council of the League of Nations of May 17, 1922. It should be noted that the state to which the Court has been opened "undertakes to carry out in full good faith the decision or decisions of the Court and not to resort to war against a state complying therewith" (Resolution, par. 1). See note, p. 117.

[2] Open as of right by reason of membership in the League of Nations or mention in the Annex to the Covenant.

[3] Now of the Kingdom of the Hejaz and Nejd; notified of resolution of May 17, 1922.

[4] Now in the Soviet Union; notified of resolution of May 17, 1922.

STATES WHICH HAVE SIGNED THE OPTIONAL CLAUSE PROVIDING FOR COMPULSORY JURISDICTION

States Signatory	Date of Ratification [1]	States Signatory	Date of Ratification [1]
Abyssinia	July 16, 1926	Guatemala [4]	
Austria	March 13, 1927	Haiti	– –[2]
Belgium	March 10, 1926	Latvia	Dec. 28, 1923
Brazil	– –[2]	Liberia	
Bulgaria	Aug. 12, 1921	Lithuania	– –[2]
China	– –[2]	Luxemburg	
Costa Rica	– –[2]	Netherlands	– –[2]
Denmark	March 28, 1926	Norway	Oct. 3, 1921
Dominican Republic [3]	– –[2]	Panama	– –[2]
		Portugal	Oct. 8, 1921
Estonia	– –[2]	Salvador	– –[2]
Finland	April 6, 1922	Sweden	– –[2]
France		Switzerland	July 24, 1926
Germany		Uruguay	Sept. 27, 1921

Total — 27

[1] Ratification of the Optional Clause is not required by the document itself.

[2] Ratification not specified and not actually deposited.

[3] National Congress approved the signature December, 1926.

[4] Signed at Geneva, December 17, 1926.

PERMANENT COURT OF INTERNATIONAL JUSTICE

Protocol of Signature [1]

The Members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined Statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the Assembly of the League on the 13th December, 1920, at Geneva.

Consequently, they hereby declare that they accept the jurisdiction of the Court in accordance with the terms and subject to the conditions of the above-mentioned Statute.

The present Protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each power shall send its ratification to the Secretary-General of the League of Nations; the latter shall take the necessary steps to notify such ratification to the other signatory powers. The ratification shall be deposited in the archives of the Secretariat of the League of Nations.

The said Protocol shall remain open for signature by the Members of the League of Nations and by the States mentioned in the Annex to the Covenant of the League.

The Statute of the Court shall come into force as provided in the above-mentioned decision.

Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

December 16, 1920.

[Here follow signatures of 46 Member states.] [2]

[1] League of Nations, *Treaty Series*, VI, p. 380; XV, p. 304.

[2] Signatories as of March 1, 1928, number 52.

OPTIONAL CLAUSE[1] AND RESERVATIONS BY SIGNATORY POWERS

The undersigned, being duly authorized thereto, further declare, on behalf of their Government, that, from this date, they accept as compulsory, *ipso facto* and without special Convention, the jurisdiction of the Court in conformity with article 36, paragraph 2, of the Statute of the Court, under the following conditions:

Abyssinia. — On behalf of the Imperial Ethiopian Government the undersigned recognizes as compulsory, *ipso facto* and without special agreement, in relation to any other Member or State accepting the same obligation, that is to say, on condition of reciprocity, the jurisdiction of the Court in conformity with Article 36, paragraph 2 of the Statute, for a period of five years, excepting disputes in respect of which the parties have agreed to have recourse to another method of pacific settlement.

July 12, 1926.[2]

(Signed) LAGARDE, DUC D'ENTOTTO.

Austria (Renewal). — On behalf of the Republic of Austria and subject to ratification, the undersigned hereby recognizes as compulsory, *ipso facto* and without any special convention, in relation to any other Member of the League of Nations or state accepting the same obligation, that is to say on condition of reciprocity, the jurisdiction of the Court, purely and simply, for a further period of ten years from the date of deposit of the instrument of ratification.

Geneva, January 12, 1927.[3]

(Signed) EMMERICH PFLÜGL.

Belgium. — On behalf of the Belgian Government, I recognize as compulsory, *ipso facto* and without special agreement, in relation to any other Member or State accepting the same obligation, the jurisdiction of the Court in conformity with Article 36, paragraph 2, of the Statute of the Court for a period of fifteen years, in any disputes arising after the ratification of the present declaration with regard

[1] "Ratification is not in point of fact required by the terms of the Optional Clause." — Publications of the Court, *Second Annual Report*, p. 77 (Series E, No. 2).

[2] Deposited July 16, 1926.

[3] Ratification deposited March 13, 1927; the declaration supersedes one signed March 14, 1922, which was not subject to ratification.

to situations or facts subsequent to this ratification, except in cases where the parties have agreed or shall agree to have recourse to another method of pacific settlement.

September 25, 1925.[1]

(Signed) P. HYMANS.

Brazil. — The instrument of ratification of the Protocol (September 6, 1921) deposited with the Permanent Secretariat of the League of Nations by the Brazilian Government contains the following passage: ". . . we declare to recognize as compulsory, in accordance with the said resolution of the National Legislature, the jurisdiction of the said Court for the period of five years, on condition of reciprocity and as soon as it has likewise been recognized as such by two at least of the powers permanently represented on the Council of the League of Nations."

November 1, 1921.

Bulgaria. — On behalf of the Government of the Kingdom of Bulgaria, I recognize, in relation to any other Member or State which accepts the same obligation, the jurisdiction of the Court as compulsory, *ipso facto* and without any special convention, unconditionally.

July 29, 1921.[2]

(Signed) POMENOV.

China. — The Chinese Government recognize as compulsory, *ipso facto* and without special convention, in relation to any Member or State which accepts the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court in conformity with Article 36, paragraph 2, of the Statute of the Court for a period of five years.

May 13, 1922.

(Signed) TS. F. TANG.

Costa Rica.[3] — On condition of reciprocity.

(Signed) MANUEL M. DE PERALTA.

Denmark (Renewal). — On behalf of the Government of Denmark and subject to ratification, I recognize, in relation to any other Member or state accepting the same obligation, that is to say, on

[1] Ratification deposited March 10, 1926.

[2] Ratification deposited August 12, 1921.

[3] The Costa Rican declaration was signed before January 28, 1921.

the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention, for a further period of ten years.

Geneva, December 11, 1925.[1]

(Signed) ANDREAS OLDENBURG.

Dominican Republic. — On behalf of the Government of the Dominican Republic and subject to ratification, I recognize, in relation to any other Member or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention.

September 30, 1924.

(Signed) JACINTO R. DE CASTRO.

Estonia. — In the instrument of ratification occurs the following passage: "The Estonian Republic declares to recognize as compulsory, *ipso facto* and without special agreement, in relation to any other Member or state accepting the same obligation, that is to say, on condition of reciprocity, the jurisdiction of the Court, in conformity with Article 36, paragraph 2, of the Statute of the Court, for a period of five years, in any future dispute in respect of which the parties have not agreed to have recourse to another method of pacific settlement."

Deposited May 2, 1923.

Finland (Renewal). — On behalf of the Government of the Finnish Republic, and as from April 6, 1927, I recognize as compulsory, *ipso facto*, and without special agreement, in relation to any other Member or state accepting the same obligation, that is to say, on condition of reciprocity, the jurisdiction of the Court, purely and simply, for a period of ten years.

March 3, 1927.[2]

(Signed) R. ERICH.

France. — I hereby declare that, subject to ratification, the French Government gives its adhesion to the optional clause of Article 36, paragraph 2, of the Statute of the Court, on the condition of reciprocity, for a period of 15 years, with power of denunciation, should the Protocol of Arbitration, Security and the Reduction of Arma-

[1] Ratification deposited on March 28, 1926, counted as dating from June 13, 1926, on which date the previous acceptance expired by time limitation.

[2] The previous declaration, made prior to September 1, 1921, was ratified and the ratification deposited April 6, 1922.

ments [1] signed this day lapse, and further subject to the observations made at the First Committee of the Fifth Assembly, according to the terms of which "one of the parties to the dispute may bring the said dispute before the Council of the League of Nations for the purposes of the pacific settlement laid down in paragraph 3 of Article 15 of the Covenant, and during such proceedings neither party may take proceedings against the other in the Court."

October 2, 1924.

(Signed) A. BRIAND.

Germany. — On behalf of the German Government, I recognize as compulsory, *ipso facto* and without special agreement, in relation to any other Member or state accepting the same obligation, the jurisdiction of the Court in conformity with Art. 36, par. 2, of the Statute of the Court, for a period of five years, in any disputes arising after the ratification of the present declaration with regard to situations or facts subsequent to this ratification, except in cases where the parties have agreed or shall agree to have recourse to another method of pacific settlement.

Geneva, September 23, 1926.

(Signed) G. STRESEMANN.

Guatemala. — On behalf of the Republic of Guatemala I accept, subject to ratification and on the sole condition of reciprocity, the jurisdiction of the Court in all the classes of legal disputes concerning:

(a) the interpretation of a treaty;
(b) any question of international law;
(c) the existence of any fact which, if established, would constitute a breach of an international obligation;
(d) the nature or extent of the reparation to be made for the breach of an international obligation.

Geneva, December 17, 1926.

(Signed) F. A. FIGUEROA.

[1] On February 1, 1928, the Commission of Foreign Affairs of the Chamber of Deputies passed a resolution which noted that the declaration did not need to depend upon the eventual application of the protocol. The commission decided temporarily to postpone a recommendation in favor of its ratification, "in the hope of an early success of the efforts of the " League of Nations Committee on Arbitration and Security. In the event that this hope was not realized, the commission "reserves the proposing of the ratification as a step toward the generalization of juridical methods of solving international issues." (*Temps*, February 3, 1928, p. 3.)

Haiti.[1] — On behalf of the Republic of Haiti, I recognize the jurisdiction of the Permanent Court of International Justice as compulsory.

(Signed) F. ADDOR,
Consul.

Latvia. — On behalf of the Latvian Government and subject to ratification by the Saeima, I recognize as compulsory, *ipso facto* and without special convention, in relation to any other Member or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court in conformity with Article 36, paragraph 2, of the Statute of the Court, for a period of five years, in any future dispute as to which the parties have not agreed to have recourse to some other method of pacific settlement.

September 11, 1923.[2]

(Signed) Z. A. MEIEROVICS.

Liberia.[1] — On behalf of the Government of the Republic of Liberia, and subject to ratification by the Liberian Senate, I recognize, in relation to any other Member or state which accepts the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without any special convention.

(Signed) B. LEHMAN.

Lithuania. — For a period of five years.

October 5, 1921.[3]

(Signed) GALVANAUSKAS.

Luxemburg.[4] — On behalf of the Government of Luxemburg and subject to ratification, I recognize, in relation to any Member or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention, for a period of five years.

(Signed) LEFORT.

[1] The signature and declaration were affixed prior to September 1, 1921 (Minutes of the Fourteenth Session of the Council of the League of Nations, p. 58).

[2] The ratification of the Protocol of December 28, 1923, was deposited on February 12, 1924 (*Treaty Series*, XXIV, 153).

[3] Ratification deposited May 16, 1922.

[4] The signature and declaration were affixed prior to February 12, 1921 (Minutes of the Twelfth Session of the Council of the League of Nations, p. 115).

Netherlands (Renewal). — On behalf of the Netherlands Government, I recognize as compulsory, *ipso facto* and without special agreement, in relation to any other Member or state accepting the same obligation, that is to say, on condition of reciprocity, the jurisdiction of the Court, in conformity with Article 36, paragraph 2, of the Statute of the Court, for a period of ten years as from August 6, 1926, on any future disputes excepting those in regard to which the parties would have agreed, after the coming into force of the Statute of the Permanent Court of International Justice, to have recourse to another method of pacific settlement.

September 2, 1926.[1]

(Signed) W. DOUDE VAN TROOSTWYK.

Norway. — On behalf of the Norwegian Government, and not being subject to ratification, I recognize, in relation to any other Member or state accepting the same obligation, that is to say, on condition of reciprocity, the jurisdiction of the Court as compulsory *ipso facto* and without special agreement for a period of ten years as from October 3, 1926.

September 22, 1926.[2]

(Signed) FRIDTJOF NANSEN.

Panama. — The following declaration was transmitted by M. R. A. Amador, Chargé d'Affaires of the Republic of Panama at Paris, in a letter dated October 25, 1921, addressed to Sir Eric Drummond, Secretary-General of the League of Nations: "On behalf of the Government of Panama, I recognize, in relation to any other Member or state which accepts the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory *ipso facto* and without any special convention."

(Signed) R. A. AMADOR,
Chargé d'Affaires.

Portugal.[3] — On behalf of Portugal, I recognize, in relation to any Member or state accepting the same obligation, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention.

(Signed) AFFONSO COSTA.

[1] The prior declaration of August 6, 1921, did not require ratification.

[2] Ratification deposited October 3, 1921, of declaration of September 6, 1921.

[3] The signature and declaration were affixed prior to January 28, 1921; the ratification was deposited on October 8, 1921 (Publications of the Court, *Second Annual Report*, p. 80).

Salvador.[1] — On condition of reciprocity.

(Signed) J. Gustavo Guerrero.
Arturo R. Avila.

Sweden (Renewal). — On behalf of the Royal Swedish Government, I recognize, in relation to any other Member or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory *ipso facto* and without special convention, for a period of ten years to be reckoned from the date on which the Swedish Declaration of August 16, 1921, ceases to be in force.

Geneva, March 18, 1926.[2]

(Signed) Einar Hennings.

Switzerland (Renewal). — On behalf of the Swiss Confederation and subject to ratification, the undersigned recognizes, in relation to any other Member of the League of Nations or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention, for a period of ten years to be reckoned as from the deposit of the instrument of ratification.

Geneva, March 1, 1926.[3]

(Signed) Motta.

Uruguay.[4] — On behalf of the Government of Uruguay, I recognize, in relation to any Member or state accepting the same obligation, that is to say, on the sole condition of reciprocity, the jurisdiction of the Court as compulsory, *ipso facto* and without special convention.

(Signed) B. Fernandez y Medina.

[1] The signature and declaration were affixed prior to January 28, 1921.

[2] Not subject to ratification. The previous declaration of August 16, 1921, was not subject to ratification.

[3] Ratification deposited July 24, 1926. The ratification of the previous declaration was deposited July 25, 1921.

[4] The declaration was made prior to January 28, 1921, and the ratification deposited September 27, 1921.

STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE PROVIDED FOR BY ARTICLE 14 OF THE COVENANT OF THE LEAGUE OF NATIONS

Article 1. A Permanent Court of International Justice is hereby established in accordance with Article 14 of the Covenant of the League of Nations. This Court shall be in addition to the Court of Arbitration organized by the Conventions of The Hague of 1899 and 1907, and to the special Tribunals of Arbitration to which States are always at liberty to submit their disputes for settlement.

Chapter I

Organization of the Court

Art. 2. The Permanent Court of International Justice shall be composed of a body of independent judges, elected regardless of their nationality from among persons of high moral character, who possess the qualifications required in their respective countries for appointment to the highest judicial offices, or are jurisconsults of recognized competence in international law.

Art. 3. The Court shall consist of fifteen members: eleven judges and four deputy-judges. The number of judges and deputy-judges may hereafter be increased by the Assembly, upon the proposal of the Council of the League of Nations, to a total of fifteen judges and six deputy-judges.

Art. 4. The members of the Court shall be elected by the Assembly and by the Council from a list of persons nominated by the national groups in the Court of Arbitration, in accordance with the following provisions.

In the case of Members of the League of Nations not represented in the Permanent Court of Arbitration, the lists of candidates shall be drawn up by national groups appointed for this purpose by their Governments under the same conditions as those prescribed for members of the Permanent Court of Arbitration by Article 44 of the Convention of The Hague of 1907 for the pacific settlement of international disputes.[1]

[1] Article 44 of the convention of The Hague of 1907 for the pacific settlement of international disputes reads as follows:

"Each contracting power selects four persons at the most, of known competency in questions of international law, of the highest moral reputation, and disposed to accept the duties of arbitrator.

"The persons thus selected are inscribed, as members of the Court, in a list which shall be notified to all the contracting powers by the Bureau.

Art. 5. At least three months before the date of the election, the Secretary-General of the League of Nations shall address a written request to the Members of the Court of Arbitration belonging to the states mentioned in the Annex to the Covenant or to the states which join the League subsequently, and to the persons appointed under paragraph 2 of Article 4, inviting them to undertake, within a given time, by national groups, the nomination of persons in a position to accept the duties of a member of the Court.

No group may nominate more than four persons, not more than two of whom shall be of their own nationality. In no case must the number of candidates nominated be more than double the number of seats to be filled.

Art. 6. Before making these nominations, each national group is recommended to consult its Highest Court of Justice, its Legal Faculties and Schools of Law, and its National Academies and national sections of International Academies devoted to the study of Law.

Art. 7. The Secretary-General of the League of Nations shall prepare a list in alphabetical order of all the persons thus nominated. Save as provided in Article 12, paragraph 2, these shall be the only persons eligible for appointment.

The Secretary-General shall submit this list to the Assembly and to the Council.

Art. 8. The Assembly and the Council shall proceed independently of one another to elect, firstly the judges, then the deputy-judges.

Art. 9. At every election, the electors shall bear in mind that not only should all the persons appointed as members of the Court possess the qualifications required, but the whole body also should represent the main forms of civilization and the principal legal systems of the world.

Art. 10. Those candidates who obtain an absolute majority of votes in the Assembly and in the Council shall be considered as elected.

In the event of more than one national of the same Member of the League being elected by the votes of both the Assembly and the Council, the eldest of these only shall be considered as elected.

Art. 11. If, after the first meeting held for the purpose of the election, one or more seats remain to be filled, a second and, if necessary, a third meeting shall take place.

Art. 12. If, after the third meeting, one or more seats still remain unfilled, a joint conference consisting of six members, three appointed

"Any alteration in the list of arbitrators is brought by the Bureau to the knowledge of the contracting powers.

"Two or more powers may agree on the selection in common of one or more members.

"The same person can be selected by different powers.

"The members of the Court are appointed for a term of six years. These appointments are renewable.

"Should a member of the Court die or resign, the same procedure is followed for filling the vacancy as was followed for appointing him. In this case the appointment is made for a fresh period of six years."

by the Assembly and three by the Council, may be formed, at any time, at the request of either the Assembly or the Council, for the purpose of choosing one name for each seat still vacant, to submit to the Assembly and the Council for their respective acceptance.

If the Conference is unanimously agreed upon any person who fulfils the required conditions, he may be included in its list, even though he was not included in the list of nominations referred to in Articles 4 and 5.

If the joint conference is satisfied that it will not be successful in procuring an election, those members of the Court who have already been appointed shall, within a period to be fixed by the Council, proceed to fill the vacant seats by selection from among those candidates who have obtained votes either in the Assembly or in the Council.

In the event of an equality of votes among the judges, the eldest judge shall have a casting vote.

Art. 13. The members of the Court shall be elected for nine years. They may be re-elected.

They shall continue to discharge their duties until their places have been filled. Though replaced, they shall finish any cases which they may have begun.

Art. 14. Vacancies which may occur shall be filled by the same method as that laid down for the first election. A member of the Court elected to replace a member whose period of appointment had not expired will hold the appointment for the remainder of his predecessor's term.

Art. 15. Deputy-judges shall be called upon to sit in the order laid down in a list.

This list shall be prepared by the Court and shall have regard firstly to priority of election and secondly to age.

Art. 16. The ordinary members of the Court may not exercise any political or administrative function. This provision does not apply to the deputy-judges except when performing their duties on the Court.

Any doubt on this point is settled by the decision of the Court.

Art. 17. No member of the Court can act as agent, counsel or advocate in any case of an international nature. This provision only applies to the deputy-judges as regards cases in which they are called upon to exercise their functions on the Court.

No member may participate in the decision of any case in which he has previously taken an active part, as agent, counsel or advocate for one of the contesting parties, or as a member of a national or international court, or of a commission of inquiry, or in any other capacity.

Any doubt on this point is settled by the decision of the Court.

Art. 18. A member of the Court can not be dismissed unless, in the unanimous opinion of the other members, he has ceased to fulfil the required conditions.

Formal notification thereof shall be made to the Secretary-General of the League of Nations, by the Registrar.

This notification makes the place vacant.

Art. 19. The members of the Court, when engaged on the business of the Court, shall enjoy diplomatic privileges and immunities.

Art. 20. Every member of the Court shall, before taking up his duties, make a solemn declaration in open Court that he will exercise his powers impartially and conscientiously.

Art. 21. The Court shall elect its President and Vice-President for three years; they may be re-elected.

It shall appoint its Registrar.

The duties of Registrar of the Court shall not be deemed incompatible with those of Secretary-General of the Permanent Court of Arbitration.

Art. 22. The seat of the Court shall be established at The Hague.

The President and Registrar shall reside at the seat of the Court.

Art. 23. A session of the Court shall be held every year.

Unless otherwise provided by Rules of Court, this session shall begin on the 15th of June, and shall continue for so long as may be deemed necessary to finish the cases on the list.

The President may summon an extraordinary session of the Court whenever necessary.

Art. 24. If, for some special reason, a member of the Court considers that he should not take part in the decision of a particular case, he shall so inform the President.

If the President considers that for some special reason one of the members of the Court should not sit on a particular case, he shall give him notice accordingly.

If in any such case the member of the Court and the President disagree, the matter shall be settled by the decision of the Court.

Art. 25. The full Court shall sit except when it is expressly provided otherwise.

If eleven judges can not be present, the number shall be made up by calling on deputy-judges to sit.

If, however, eleven judges are not available, a quorum of nine judges shall suffice to constitute the Court.

Art. 26. Labor cases, particularly cases referred to in Part XIII (Labor) of the treaty of Versailles and the corresponding portion of the other Treaties of Peace, shall be heard and determined by the Court under the following conditions:

The Court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the provisions of Article 9. In addition, two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this Chamber. In the absence of any such demand, the Court will sit with the number of

judges provided for in Article 25. On all occasions the judges will be assisted by four technical assessors sitting with them, but without the right to vote, and chosen with a view to insuring a just representation of the competing interests.

If there is a national of one only of the parties sitting as a judge in the Chamber referred to in the preceding paragraph, the President will invite one of the other judges to retire in favor of a judge chosen by the other party in accordance with Article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under Article 30 from a list of "Assessors for Labor cases" composed of two persons nominated by each Member of the League of Nations and an equivalent number nominated by the Governing Body of the Labor Office. The Governing Body will nominate, as to one half, representatives of the workers, and as to one half, representatives of employers from the list referred to in Article 412 of the treaty of Versailles and the corresponding Articles of the other Treaties of Peace.

In Labor cases the International Labor Office shall be at liberty to furnish the Court with all relevant information, and for this purpose the Director of that Office shall receive copies of all the written proceedings.

Art. 27. Cases relating to transit and communications, particularly cases referred to in Part XII (Ports, Waterways and Railways) of the treaty of Versailles and the corresponding portions of the other Treaties of Peace shall be heard and determined by the Court under the following conditions:

The Court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the provisions of Article 9. In addition, two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this chamber. In the absence of any such demand, the Court will sit with the number of judges provided for in Article 25. When desired by the parties or decided by the Court, the judges will be assisted by four technical assessors sitting with them, but without the right to vote.

If there is a national of one only of the parties sitting as a judge in the chamber referred to in the preceding paragraph, the President will invite one of the other judges to retire in favor of a judge chosen by the other party in accordance with Article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under Article 30 from a list of "Assessors for Transit and Communications cases" composed of two persons nominated by each Member of the League of Nations.

Art. 28. The special chambers provided for in Articles 26 and 27 may, with the consent of the parties to the dispute, sit elsewhere than at The Hague.

Art. 29. With a view to the speedy dispatch of business, the Court shall form annually a chamber composed of three judges who, at the request of the contesting parties, may hear and determine cases by summary procedure.

Art. 30. The Court shall frame rules for regulating its procedure. In particular, it shall lay down rules for summary procedure.

Art. 31. Judges of the nationality of each contesting party shall retain their right to sit in the case before the Court.

If the Court includes upon the Bench a judge of the nationality of one of the parties only, the other party may select from among the deputy-judges a judge of its nationality, if there be one. If there should not be one, the party may choose a judge, preferably from among those persons who have been nominated as candidates as provided in Articles 4 and 5.

If the Court includes upon the Bench no judge of the nationality of the contesting parties, each of these may proceed to select or choose a judge as provided in the preceding paragraph.

Should there be several parties in the same interest, they shall, for the purpose of the preceding provisions, be reckoned as one party only. Any doubt upon this point is settled by the decision of the Court.

Judges selected or chosen as laid down in paragraphs 2 and 3 of this Article shall fulfil the conditions required by Articles 2, 16, 17, 20, 24 of this Statute. They shall take part in the decision on an equal footing with their colleagues.

Art. 32. The judges shall receive an annual indemnity to be determined by the Assembly of the League of Nations upon the proposal of the Council. This indemnity must not be decreased during the period of a judge's appointment.

The President shall receive a special grant for his period of office, to be fixed in the same way.

The Vice-Presidents, judges and deputy-judges shall receive a grant for the actual performance of their duties, to be fixed in the same way.

Traveling expenses incurred in the performance of their duties shall be refunded to judges and deputy-judges who do not reside at the seat of the Court.

Grants due to judges selected or chosen as provided in Article 31 shall be determined in the same way.

The salary of the Registrar shall be decided by the Council upon the proposal of the Court.

The Assembly of the League of Nations shall lay down, on the proposal of the Council, a special regulation fixing the conditions under which retiring pensions may be given to the personnel of the Court.

Art. 33. The expenses of the Court shall be borne by the League of Nations, in such a manner as shall be decided by the Assembly upon the proposal of the Council.

Chapter II

Competence of the Court

Art. 34. Only States or Members of the League of Nations can be parties in cases before the Court.

Art. 35. The Court shall be open to the Members of the League and also to states mentioned in the Annex to the Covenant.

The conditions under which the Court shall be open to other states shall, subject to the special provisions contained in treaties in force, be laid down by the Council, but in no case shall such provisions place the parties in a position of inequality before the Court.

When a state which is not a Member of the League of Nations is a party to a dispute, the Court will fix the amount which that party is to contribute toward the expenses of the Court.

Art. 36. The jurisdiction of the Court comprises all cases which the parties refer to it and all matters specially provided for in treaties and conventions in force.

The Members of the League of Nations and the states mentioned in the Annex to the Covenant may, either when signing or ratifying the Protocol to which the present Statute is adjoined, or at a later moment, declare that they recognize as compulsory *ipso facto* and without special agreement, in relation to any other Member or state accepting the same obligation, the jurisdiction of the Court in all or any of the classes of legal disputes concerning:

(*a*) The interpretation of a Treaty;
(*b*) Any question of International Law;
(*c*) The existence of any fact which, if established, would constitute a breach of an international obligation;
(*d*) The nature or extent of the reparation to be made for the breach of an international obligation.

The declaration referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain Members or states, or for a certain time.

In the event of a dispute as to whether the Court has jurisdiction, the matter shall be settled by the decision of the Court.

Art. 37. When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the Court will be such tribunal.

Art. 38. The Court shall apply:

1. International conventions, whether general or particular, establishing rules expressly recognized by the contesting states;
2. International custom, as evidence of a general practice accepted as law;
3. The general principles of law recognized by civilized nations;

4. Subject to the provisions of Article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law.

This provision shall not prejudice the power of the Court to decide a case *ex aequo et bono*, if the parties agree thereto.

Chapter III

Procedure

Art. 39. The official languages of the Court shall be French and English. If the parties agree that the case shall be conducted in French, the judgment will be delivered in French. If the parties agree that the case shall be conducted in English, the judgment will be delivered in English.

In the absence of an agreement as to which language shall be employed, each party may, in the pleadings, use the language which it prefers; the decision of the Court will be given in French and English. In this case the Court will at the same time determine which of the two texts shall be considered as authoritative.

The Court may, at the request of the parties, authorize a language other than French or English to be used.

Art. 40. Cases are brought before the Court, as the case may be, either by the notification of the special agreement, or by a written application addressed to the Registrar. In either case the subject of the dispute and the contesting parties must be indicated.

The Registrar shall forthwith communicate the application to all concerned.

He shall also notify the Members of the League of Nations through the Secretary-General.

Art. 41. The Court shall have the power to indicate, if it considers that circumstances so require, any provisional measures which ought to be taken to reserve the respective rights of either party.

Pending the final decision, notice of the measures suggested shall forthwith be given to the parties and the Council.

Art. 42. The parties shall be represented by agents.

They may have the assistance of counsel or advocates before the Court.

Art. 43. The procedure shall consist of two parts: written and oral.

The written proceedings shall consist of the communication to the judges and to the parties of cases, counter-cases and, if necessary, replies; also all papers and documents in support.

These communications shall be made through the Registrar, in the order and within the time fixed by the Court.

A certified copy of every document produced by one party shall be communicated to the other party.

The oral proceedings shall consist of the hearing by the Court of witnesses, experts, agents, counsel and advocates.

Art. 44. For the service of all notices upon persons other than the agents, counsel and advocates, the Court shall apply direct to the government of the state upon whose territory the notice has to be served.

The same provision shall apply whenever steps are to be taken to procure evidence on the spot.

Art. 45. The hearing shall be under the control of the President or, in his absence, of the Vice-President; if both are absent, the senior judge shall preside.

Art. 46. The hearing in Court shall be public, unless the Court shall decide otherwise, or unless the parties demand that the public be not admitted.

Art. 47. Minutes shall be made at each hearing, and signed by the Registrar and the President.

These minutes shall be the only authentic record.

Art. 48. The Court shall make orders for the conduct of the case, shall decide the form and time in which each party must conclude its arguments, and make all arrangements connected with the taking of evidence.

Art. 49. The Court may, even before the hearing begins, call upon the agents to produce any document, or to supply any explanations. Formal note shall be taken of any refusal.

Art. 50. The Court may, at any time, intrust any individual, body, bureau, commission or other organization that it may select, with the task of carrying out an inquiry or giving an expert opinion.

Art. 51. During the hearing, any relevant questions are to be put to the witnesses and experts under the conditions laid down by the Court in the rules of procedure referred to in Article 30.

Art. 52. After the Court has received the proofs and evidence within the time specified for the purpose, it may refuse to accept any further oral or written evidence that one party may desire to present unless the other side consents.

Art. 53. Whenever one of the parties shall not appear before the Court, or shall fail to defend his case, the other party may call upon the Court to decide in favor of his claim.

The Court must, before doing so, satisfy itself, not only that it has jurisdiction in accordance with Articles 36 and 37, but also that the claim is well founded in fact and law.

Art. 54. When, subject to the control of the Court, the agents, advocates and counsel have completed their presentation of the case, the President shall declare the hearing closed.

The Court shall withdraw to consider the judgment.

The deliberations of the Court shall take place in private and remain secret.

Art. 55. All questions shall be decided by a majority of the judges present at the hearing.

In the event of an equality of votes, the President or his deputy shall have a casting vote.

Art. 56. The judgment shall state the reasons on which it is based.

It shall contain the names of the judges who have taken part in the decision.

Art. 57. If the judgment does not represent in whole or in part the unanimous opinion of the judges, dissenting judges are entitled to deliver a separate opinion.

Art. 58. The judgment shall be signed by the President and by the Registrar. It shall be read in open Court, due notice having been given to the agents.

Art. 59. The decision of the Court has no binding force except between the parties and in respect of that particular case.

Art. 60. The judgment is final and without appeal. In the event of dispute as to the meaning or scope of the judgment, the Court shall construe it upon the request of any party.

Art. 61. An application for revision of a judgment can be made only when it is based upon the discovery of some fact of such a nature as to be a decisive factor, which fact was, when the judgment was given, unknown to the Court and also to the party claiming revision, always provided that such ignorance was not due to negligence.

The proceedings for revision will be opened by a judgment of the Court expressly recording the existence of the new fact, recognizing that it has such a character as to lay the case open to revision, and declaring the application admissible on this ground.

The Court may require previous compliance with the terms of the judgment before it admits proceedings in revision.

The application for revision must be made at latest within six months of the discovery of the new fact.

No application for revision may be made after the lapse of ten years from the date of the sentence.

Art. 62. Should a state consider that it has an interest of a legal nature which may be affected by the decision in the case, it may submit a request to the Court to be permitted to intervene as a third party.

It will be for the Court to decide upon this request.

Art. 63. Whenever the construction of a convention to which states other than those concerned in the case are parties is in question, the Registrar shall notify all such states forthwith.

Every state so notified has the right to intervene in the proceedings; but if it uses this right, the construction given by the judgment will be equally binding upon it.

Art. 64. Unless otherwise decided by the Court, each party shall bear its own costs.

REVISED RULES OF COURT

Adopted by the Court on July 31, 1926[1]

PREAMBLE

The Court,
By virtue of Article 30 of its Statute,
Adopts the present Rules:

CHAPTER I. THE COURT

Heading 1. Constitution of the Court

Section A. Judges and Assessors.

Art. 1. Subject to the provisions of Article 14 of the Statute, the term of office of judges and deputy-judges shall commence on January 1st of the year following their election.

***Art. 2.** Judges and deputy-judges elected at an earlier session of the Assembly and of the Council of the League of Nations shall take precedence respectively over judges and deputy-judges elected at a subsequent session. Judges and deputy-judges elected during the same session shall take precedence according to age. Judges shall take precedence over deputy-judges.

National judges chosen from outside the Court, under the terms of Article 31 of the Statute, shall take precedence after deputy-judges in order of age.

The list of deputy-judges shall be prepared in accordance with these principles.

The Vice-President shall take his seat on the right of the President. The other members of the Court shall take their seats to the right and left of the President in the order laid down above.

Nevertheless the retiring President, whatever may be his seniority according to the preceding provisions, shall take his seat on the right of the President, the Vice-President taking in such case his seat on the left. This rule, however, shall not affect the other privileges or the powers conferred by the Statute or Rules of Court upon the Vice-President or the eldest judge.

***Art. 3.** Deputy-judges whose presence is necessary shall be summoned in the order laid down in the list referred to in the preceding Article, that is to say, each of them will be summoned in rotation throughout the list.

Should a deputy-judge be so far from the seat of the Court that, in the opinion of the President, a summons would not reach him in sufficient time, the deputy-judge next on the list shall be summoned;

[1] The articles revised are those marked with an asterisk.

nevertheless, the judge to whom the summons should have been addressed shall be called upon, if possible, on the next occasion that the presence of a deputy-judge is required.

Should a deputy-judge be summoned to take his seat in a particular case as a national judge, under the terms of Article 31 of the Statute, such summons shall not be regarded as coming within the terms of the present Article.

*Art. 4. In cases in which one or more parties are entitled to choose a judge *ad hoc* of their nationality, the full Court may sit with a number of judges exceeding the number of regular judges fixed by the Statute.

When the Court has satisfied itself, in accordance with Article 31 of the Statute, that there are several parties in the same interest and that none of them has a judge of its nationality upon the bench, the Court shall invite them, within a period to be fixed by the Court, to select by common agreement a deputy judge of the nationality of one of the parties, should there be one; or, should there not be one, a judge chosen in accordance with the principles of the above-mentioned Article.

Should the parties have failed to notify the Court of their selection or choice when the time limit expires, they shall be regarded as having renounced the right conferred upon them by Article 31.

Art. 5. Before entering upon his duties, each member of the Court or judge summoned to complete the Court, under the terms of Article 31 of the Statute, shall make the following solemn declaration in accordance with Article 20 of the Statute:

"I solemnly declare that I will exercise all my powers and duties as a judge honorably and faithfully, impartially and conscientiously."

A special public sitting of the Court may, if necessary, be convened for this purpose.

At the public inaugural sitting held after a new election of the whole Court the required declaration shall be made first by the President, secondly by the Vice-President, and then by the remaining judges in the order laid down in Article 2.

Art. 6. For the purpose of applying Article 18 of the Statute, the President, or if necessary the Vice-President, shall convene the judges and deputy-judges. The member affected shall be allowed to furnish explanations. When he has done so the question shall be discussed and a vote shall be taken, the member in question not being present. If the members present are unanimously agreed, the Registrar shall issue the notification prescribed in the above-mentioned Article.

Art. 7. The President shall take steps to obtain all information which might be helpful to the Court in selecting technical assessors in each case. With regard to the questions referred to in Article 26 of the Statute, he shall, in particular, consult the Governing Body of the International Labor Office.

The assessors shall be appointed by an absolute majority of votes, either by the Court or by the special Chamber which has to deal with the case in question.

Art. 8. Assessors shall make the following solemn declaration at the first sitting of the Court at which they are present:

"I solemnly declare that I will exercise my duties and powers as an assessor honorably and faithfully, impartially and conscientiously, and that I will scrupulously observe all the provisions of the Statute and of the Rules of Court."

Section B. The Presidency.

Art. 9. The election of the President and Vice-President shall take place at the end of the ordinary session immediately before the normal termination of the period of office of the retiring President and Vice-President.

After a new election of the whole Court, the election of the President and Vice-President shall take place at the commencement of the following session. The President and Vice-President elected in these circumstances shall take up their duties on the day of their election. They shall remain in office until tne end of the second year after the year of their election.

Should the President or the Vice-President cease to belong to the Court before the expiration of their normal term of office, an election shall be held for the purpose of appointing a substitute for the unexpired portion of their term of office. If necessary, an extraordinary session of the Court may be convened for this purpose.

The elections referred to in the present Article shall take place by secret ballot. The candidate obtaining an absolute majority of votes shall be declared elected.

Art. 10. The President shall direct the work and administration of the Court; he shall preside at the meetings of the full Court.

Art. 11. The Vice-President shall take the place of the President, should the latter be unable to be present, or, should he cease to hold office, until the new President has been appointed by the Court.

Art. 12. The President shall reside within a radius of ten kilometers from the Peace Palace at the Hague.

The main annual vacation of the President shall not exceed three months.

***Art. 13.** After a new election of the whole Court and until such time as the President and Vice-President have been elected, the judge who takes precedence according to the order laid down in Article 2, shall perform the duties of President.

The same principle shall be applied should both the President and the Vice-President be unable to be present, or should both appointments be vacant at the same time. Whenever, according to the rules in

force, the functions of President should be exercised by a national of one of the parties to the suit, they shall pass, for the purposes of the case in question, in the order of seniority established by the Rules of Court, to the first judge not similarly situated.

Section C. The Chambers

Art. 14. The members of the Chambers constituted by virtue of Articles 26, 27 and 29 of the Statute shall be appointed at a meeting of the full Court by an absolute majority of votes, regard being had for the purposes of this selection to any preference expressed by the judges, so far as the provisions of Article 9 of the Statute permit.

The substitutes mentioned in Articles 26 and 27 of the Statute shall be appointed in the same manner. Two judges shall also be chosen to replace any member of the Chamber for summary procedure who may be unable to sit.

The election shall take place at the end of the ordinary session of the Court, and the period of appointment of the members elected shall commence on January 1st of the following year.

Nevertheless, after a new election of the whole Court the election shall take place at the beginning of the following session. The period of appointment shall commence on the date of election and shall terminate, in the case of the Chamber referred to in Article 29 of the Statute, at the end of the same year and, in the case of the Chambers referred to in Articles 26 and 27 of the Statute, at the end of the second year after the year of election.

The Presidents of the Chambers shall be appointed at a sitting of the full Court. Nevertheless, the President of the Court shall, *ex officio*, preside over any Chamber of which he may be elected a member; similarly, the Vice-President of the Court shall, *ex officio*, preside over any Chamber of which he may be elected a member, provided that the President is not also a member.

Art. 15. The special Chambers for labor cases and for communications and transit cases may not sit with a greater number than five judges.

Except as provided in the second paragraph of the preceding Article, the composition of the Chamber for summary procedure may not be altered.

Art. 16. Deputy-judges shall not be summoned to complete the special Chambers or the Chamber for summary procedure, unless sufficient judges are not available to complete the number required.

Section D. The Registry

***Art. 17.** The Court shall select its Registrar from amongst candidates proposed by members of the Court.

The election shall be by secret ballot and by a majority of votes. In the event of an equality of votes, the President shall have a casting vote.

The Registrar shall be elected for a term of seven years commencing on January 1st of the year following that in which the election takes place. He may be re-elected.

Should the Registrar cease to hold his office before the expiration of the term above-mentioned, an election shall be held for the purpose of appointing a successor. Each election shall be for a full term of seven years.

The Court shall appoint a Deputy-Registrar to assist the Registrar, to act as Registrar in his absence, and, in the event of his ceasing to hold the office, to perform its duties until a new Registrar shall have been appointed. The Deputy-Registrar shall be appointed in the same way as the Registrar.

***Art. 18.** Before taking up his duties, the Registrar shall make the following declaration at a meeting of the full Court:

"I solemnly declare that I will perform the duties conferred upon me as Registrar of the Permanent Court of International Justice in all loyalty, discretion and good conscience."

The Deputy-Registrar shall make a similar declaration in the same conditions.

***Art. 19.** The Registrar and the Deputy-Registrar shall reside within a radius of ten kilometers from the Peace Palace at The Hague.

The main annual vacation of the Registrar shall not exceed two months.

***Art. 20.** The officials of the Registry, other than the Deputy-Registrar, shall be appointed by the Court on proposals submitted by the Registrar.

On taking up their duties, such officials shall make the following declaration before the President, the Registrar being present:

"I solemnly declare that I will perform the duties conferred upon me as official of the Permanent Court of International Justice in all loyalty, discretion and good conscience."

Art. 21. The Regulations for the Staff of the Registry shall be adopted by the President on the proposal of the Registrar, subject to subsequent approval by the Court.

***Art. 22.** The Court shall determine or modify the organization of the Registry upon proposals submitted by the Registrar. On the proposal of the Registrar or Deputy-Registrar, as the case may be, the Court, or, if it is not in session, the President, shall appoint the official of the Registry who is to act as substitute for the Registrar, should both the Registrar and Deputy-Registrar be unable to be present, or, should both appointments be vacant at the same time, until a successor to the Registrar has been appointed.

Art. 23. The registers kept in the archives shall be so arranged as to give particulars with regard to the following points amongst others:

1. For each case or question, all documents pertaining to it and all action taken with regard to it in chronological order; all such documents shall bear the same file number and shall be numbered consecutively within the file;
2. All decisions of the Court in chronological order, with references to the respective files;
3. All advisory opinions given by the Court in chronological order, with references to the respective files;
4. All notifications and similar communications sent out by the Court, with references to the respective files.

Indexes kept in the archives shall comprise:

1. A card index of names with necessary references;
2. A card index of subject matter with like references.

***Art. 24.** The Registrar shall be the channel for all communications to and from the Court.

The Registrar shall reply to any inquiries concerning its activities, including inquiries from the Press, subject, however, to the provisions of Article 42 of the present Rules and to the observance of professional secrecy.

***Art. 25.** The Registrar shall insure that the date of dispatch and receipt of all communications and notifications may readily be verified. Communications and notifications sent by post shall be registered. Communications addressed to the official representatives or to the agents of the parties shall be considered as having been addressed to the parties themselves. The date of receipt shall be noted on all documents received by the Registrar, and a receipt bearing this date and the number under which the document has been registered shall be given to the sender, if a request to that effect be made.

***Art. 26.** The Registrar shall be responsible for the archives, the accounts and all administrative work. He shall have the custody of the seals and stamps of the Court. He, or the Deputy-Registrar, shall be present at all meetings of the full Court and either he, or the Deputy-Registrar, or an official appointed by the Registrar, with the approval of the Court, to represent him, shall be present at all sittings of the various Chambers; the Registrar shall be responsible for drawing up the minutes of the meetings.

He shall further undertake all duties which may be laid upon him by the present Rules.

The duties of the Registry shall be set forth in detail in a List of Instructions to be submitted by the Registrar to the President for his approval.

Heading 2. Working of the Court

Art. 27. In the year following a new election of the whole Court the ordinary annual session shall commence on the fifteenth of January.

If the day fixed for the opening of a session is regarded as a holiday at the place where the Court is sitting, the session shall be opened on the working day following.

Art. 28. The list of cases shall be prepared and kept up to date by the Registrar under the responsibility of the President. The list for each session shall contain all questions submitted to the Court for an advisory opinion and all cases in regard to which the written proceedings are concluded, in the order in which the documents submitting each question or case have been received by the Registrar. If in the course of a session, a question is submitted to the Court or the written proceedings in regard to any case are concluded, the Court shall decide whether such question or case shall be added to the list for that session.

The Registrar shall prepare and keep up to date extracts from the above list showing the cases to be dealt with by the respective Chambers.

The Registrar shall also prepare and keep a list of cases for revision.

Art. 29. During the sessions the dates and hours of sittings shall be fixed by the President.

***Art. 30.** If at any sitting of the full Court it is impossible to obtain the prescribed quorum, the Court shall adjourn until the quorum is obtained. Judges *ad hoc* shall not be taken into account for the calculation of the quorum.

***Art. 31.** The Court shall sit in private to deliberate upon the decision of any case or upon any advisory opinion; also, when dealing with any administrative matter.

During the deliberation referred to in the preceding paragraph, only persons authorized to take part in the deliberation and the Registrar or, in his absence, the Deputy-Registrar, shall be present. No other person shall be admitted except by virtue of a special decision taken by the Court, having regard to exceptional circumstances.

Every member of the Court who is present at the deliberation shall state his opinion together with the reasons on which it is based.

The decision of the Court shall be based upon the conclusions adopted after final discussion by a majority of the members voting in an order inverse to the order of precedence established by Article 2.

Any member of the Court may request that a question which is to be voted upon shall be drawn up in precise terms in both the official languages and distributed to the Court. A request to this effect shall be complied with.

No detailed minutes shall be prepared of the Court's private meetings for deliberation upon judgments or advisory opinions; such minutes, which are to be considered as confidential, shall record only the subject of the debates, votes taken, with the names of those voting for and against a motion, and statements expressly made for insertion in the minutes.

Subject to a contrary decision by the Court, the same procedure shall apply to private meetings for deliberation upon administrative matters.

After the final vote taken on a judgment or advisory opinion, any judge who desires to set forth his individual opinion must do so in accordance with Article 57 of the Statute.

CHAPTER II. PROCEDURE

Heading 1. Contentious Procedure

Section A. General Provisions

Art. 32. The rules contained under this heading shall in no way preclude the adoption by the Court of such other rules as may be jointly proposed by the parties concerned, due regard being paid to the particular circumstances of each case.

Art. 33. The Court shall fix time limits in each case by assigning a definite date for the completion of the various acts of procedure, having regard as far as possible to any agreement between the parties.

The Court may extend time limits which it has fixed. It may likewise decide in certain circumstances that any proceeding taken after the expiration of a time limit shall be considered as valid.

If the Court is not sitting, the powers conferred upon it by this article shall be exercised by the President, subject to any subsequent decision of the Court.

***Art. 34.** The originals of all documents of the written proceedings submitted to the Court shall be signed by the agent or agents duly appointed; they shall be dated.

The original shall be accompanied by ten copies certified as correct. Subject to any contrary arrangement between the Registrar and the agent or agents, it shall likewise be accompanied by a further forty printed copies.

The President may order additional printed copies to be supplied.

Section B. Procedure before the Court and before the Special Chambers (Articles 26 and 27 of the Statute)

I. Institution of Proceedings

***Art. 35.** (1) When a case is brought before the Court by means of a special agreement, the latter, or the document notifying the Court of the agreement, shall mention:

(*a*) the names of the agents appointed by the respective parties for the purposes of the case;

(*b*) the permanent addresses at the seat of the Court to which notices and communications intended for the respective parties are to be sent.

In all other cases in which the Court has jurisdiction, the application, in addition to the specification of the subject of the dispute and the names of the parties concerned, a succinct statement of facts, and an indication of the claim, shall include:

(*a*) the name or names of the agent or agents appointed for the purposes of the case;

(*b*) the permanent addresses at the seat of the Court to which subsequent notices and communications in regard to the case are to be sent.

Should proceedings be instituted by means of an application, the first document sent in reply thereto shall likewise mention the name or names of the agent or agents and the addresses at the seat of the Court.

Whenever possible, the agents should remain at the seat of the Court pending the trial and determination of the case.

(2) The declaration provided for in the Resolution of the Council of the League of Nations of May 17, 1922 (Annex[1]), shall, when it is required under Article 35 of the Statute, be filed with the Registry not later than the time fixed for the deposit of the first document of the written procedure.

[1] ANNEX TO ART. 35. *Resolution adopted by the Council on May 17, 1922.*

The Council of the League of Nations, in virtue of the powers conferred upon it by Article 35, paragraph 2, of the Statute of the Permanent Court of International Justice, and subject to the provisions of that article,

RESOLVES:

1. The Permanent Court of International Justice shall be open to a State which is not a Member of the League of Nations or mentioned in the Annex to the Covenant of the League, upon the following condition, namely: that such State shall previously have deposited with the Registrar of the Court a declaration by which it accepts the jurisdiction of the Court, in accordance with the Covenant of the League of Nations and with the terms and subject to the conditions of the Statute and Rules of the Court, and undertakes to carry out in full good faith the decision or decisions of the Court and not to resort to war against a state complying therewith.

2. Such declaration may be either particular or general.

A particular declaration is one accepting the jurisdiction of the Court in respect only of a particular dispute or disputes which have already arisen.

A general declaration is one accepting the jurisdiction generally in respect of all disputes or of a particular class or classes of disputes which have already arisen or which may arise in the future.

A State in making such a general declaration may accept the jurisdiction of the Court as compulsory, *ipso facto*, and without special convention, in conformity with Article 36 of the Statute of the Court; but such acceptance may not, without special convention, be relied upon vis-à-vis Members of the League or States mentioned in the Annex to the Covenant which have signed or may hereafter sign the "optional clause" provided for by the additional protocol of December 16th, 1920.

3. The original declarations made under the terms of this Resolution shall be kept in the custody of the Registrar of the Court, in accordance with the practice of the Court. Certified true copies thereof shall be transmitted, in accordance with the practice of the Court, to all Members of the League of Nations, and States mentioned in the Annex to the Covenant, and to such other States as the Court may determine, and to the Secretary-General of the League of Nations.

4. The Council of the League of Nations reserves the right to rescind or amend this Resolution by a Resolution which shall be communicated to the Court; and on the receipt of such communication and to the extent determined by the new Resolution, existing declarations shall cease to be effective except in regard to disputes which are already before the Court.

5. All questions as to the validity or the effect of a declaration made under the terms of this Resolution shall be decided by the Court.

(3) Should the notice of a special agreement, or the application, contain a request that the case be referred to one of the special Chambers mentioned in Articles 26 and 27 of the Statute, such request shall be complied with, provided that the parties are in agreement.

Similarly, a request to the effect that technical assessors be attached to the Court, in accordance with Article 27 of the Statute, or that the case be referred to the Chamber for Summary Procedure shall also be granted; compliance with the latter request is, however, subject to the condition that the case does not relate to the matters dealt with in Articles 26 and 27 of the Statute.

***Art. 36.** The Registrar shall forthwith communicate to all members of the Court special agreements or applications which have been notified to him.

He shall also transmit them through the channels provided for in the Statute or by special arrangement, as the case may be, to all Members of the League of Nations and to all states not Members of the League entitled to appear before the Court.

II. Written Proceedings

Art. 37. Should the parties agree that the proceedings shall be conducted in French or in English, the documents constituting the written procedure shall be submitted only in the language adopted by the parties.

In the absence of an agreement with regard to the language to be employed, documents shall be submitted in French or in English.

Should the use of a language other than French or English be authorized, a translation into French or into English shall be attached to the original of each document submitted.

The Registrar shall not be bound to make translations of documents submitted in accordance with the above rules.

In the case of voluminous documents the Court, or the President if the Court is not sitting, may, at the request of the party concerned, sanction the submission of translations of portions of documents only.

***Art. 38.** When proceedings are begun by means of an application, any preliminary objection shall be filed after the filing of the case by the applicant and within the time fixed for the filing of the counter-case.

The document submitting the objection shall contain a statement of facts and of law on which the plea is based, a statement of conclusions and a list of the documents in support; these documents shall be attached; it shall mention the evidence which the party may desire to produce.

Upon receipt by the Registrar of the document submitting the objection, the Court, or the President if the Court is not sitting, shall fix the time within which the party against whom the plea is directed may submit a written statement of its observations and conclusions; docu-

ments in support shall be attached and evidence which it is proposed to produce shall be mentioned.

Unless otherwise decided by the Court, the further proceedings shall be oral. The provisions of paragraphs 4 and 5 of Article 69 of the Rules shall apply.

Art. 39. In cases in which proceedings have been instituted by means of a special agreement, the following documents may be presented in the order stated below, provided that no agreement to the contrary has been concluded between the parties:

a case, submitted by each party within the same limit of time;
a counter-case, submitted by each party within the same limit of time;
a reply, submitted by each party within the same limit of time.

When proceedings are instituted by means of an application, failing any agreement to the contrary between the parties, the documents shall be presented in the order stated below:

the case by the applicant;
the counter-case by the respondent;
the reply by the applicant;
the rejoinder by the respondent.

Art. 40. Cases shall contain:

1. a statement of the facts on which the claim is based;
2. a statement of law;
3. a statement of conclusions;
4. a list of the documents in support; these documents shall be attached to the case.

Counter-cases shall contain:

1. the affirmation or contestation of the facts stated in the case;
2. a statement of additional facts, if any;
3. a statement of law;
4. conclusions based on the facts stated; these conclusions may include counter-claims, in so far as the latter come within the jurisdiction of the Court;
5. a list of the documents in support; these documents shall be attached to the counter-case.

Art. 41. Upon the termination of the written proceedings the President shall fix a date for the commencement of the oral proceedings.

***Art. 42.** The Registrar shall forward to each of the members of the Court, and to the parties, a copy or copies of all documents in the case as he receives them.

The Court, or the President if the Court is not sitting, may, after hearing the parties, order the Registrar to hold the cases and counter-cases of each suit at the disposal of the government of any state which is entitled to appear before the Court.

III. Oral Proceedings

Art. 43. In the case of a public sitting, the Registrar shall publish in the Press all necessary information as to the date and hour fixed.

Art. 44. The Registrar shall arrange for the interpretation from French into English and from English into French of all statements, questions and answers which the Court may direct to be so interpreted.

Whenever a language other than French or English is employed, either under the terms of the third paragraph of Article 39 of the Statute or in a particular instance, the necessary arrangements for translation into one of the two official languages shall be made by the party concerned. In the case of witnesses or experts who appear at the instance of the Court, these arrangements shall be made by the Registrar.

Art. 45. The Court shall determine in each case whether the representatives of the parties shall address the Court before or after the production of the evidence; the parties shall, however, retain the right to comment on the evidence given.

Art. 46. The order in which the agents, advocates or counsel shall be called upon to speak shall be determined by the Court, failing an agreement between the parties on the subject.

Art. 47. In sufficient time before the opening of the oral proceedings, each party shall inform the Court and the other parties of all evidence which it intends to produce, together with the names, Christian names, description and residence of witnesses whom it desires to be heard.

It shall further give a general indication of the point or points to which the evidence is to refer.

Art. 48. The Court may, subject to the provisions of Article 44 of the Statute, invite the parties to call witnesses, or may call for the production of any other evidence on points of fact in regard to which the parties are not in agreement.

Art. 49. The Court, or the President should the Court not be sitting, shall, at the request of one of the parties or on its own initiative, take the necessary steps for the examination of witnesses out of Court.

Art. 50. Each witness shall make the following solemn declaration before giving his evidence in Court:

"I solemnly declare upon my honor and conscience that I will speak the truth, the whole truth and nothing but the truth."

Art. 51. Witnesses shall be examined by the representatives of the parties under the control of the President. Questions may be put to them by the President and afterwards by the judges.

Art. 52. The indemnities of witnesses who appear at the instance of the Court shall be paid out of the funds of the Court.

Art. 53. Any report or record of any enquiry carried out at the request of the Court, under the terms of Article 50 of the Statute, and

reports furnished to the Court by experts, in accordance with the same article, shall be forthwith communicated to the parties.

***Art. 54.** A verbatim record shall be made of the oral proceedings, including the evidence taken, under the supervision of the Registrar.

The report of the evidence of each witness shall be read to him in order that, subject to the direction of the Court, any mistakes may be corrected.

The report of statements made by agents, advocates or counsel, shall be communicated to them for their correction or revision, subject to the direction of the Court.

***Art. 55.** The minutes mentioned in Article 47 of the Statute shall in particular include:

1. the names of the judges;
2. the names of the agents, advocates and counsel;
3. the names, Christian names, description and residence of witnesses heard;
4. a specification of other evidence produced;
5. any declarations made by the parties;
6. all decisions taken by the Court during the hearing.

The minutes of public sittings shall be printed and published.

***Art. 56.** The party in whose favor an order for the payment of costs has been made may present his bill of costs after judgment has been delivered.

IV. Interim Protection

Art. 57. When the Court is not sitting, any measures for the preservation in the meantime of the respective rights of the parties shall be indicated by the President.

Any refusal by the parties to conform to the suggestions of the Court or of the President, with regard to such measures, shall be placed on record.

V. Intervention

Art. 58. An application for permission to intervene, under the terms of Article 62 of the Statute, must be communicated to the Registrar at latest before the commencement of the oral proceedings.

Nevertheless the Court may, in exceptional circumstances, consider an application submitted at a later stage.

***Art. 59.** The application referred to in the preceding article shall contain:

1. a specification of the case in which the applicant desires to intervene;
2. a statement of law and of fact justifying intervention;
3. a list of the documents in support of the application; these documents shall be attached.

Such application shall be immediately communicated to the parties, who shall send to the Registrar any observations which they may

desire to make within a period to be fixed by the Court, or by the President, should the Court not be sitting.

Such observations shall be communicated to the State desiring to intervene and to all parties. The intervener and the original parties may comment thereon in Court; for this purpose the matter shall be placed on the agenda for a hearing the date and hour of which shall be notified to all concerned. The Court will give its decision on the application in the form of a judgment.

If the application is not contested, the President, if the Court is not sitting, may, subject to any subsequent decision of the Court as regards the admissibility of the application, fix, at the request of the state by which the application is made, time limits within which such state is authorized to file a case on the merits and within which the other parties may file their counter-cases. These time limits, however, may not extend beyond the beginning of the session in the course of which the case shall be heard.

***Art. 60.** The notification provided for in Article 63 of the Statute shall be sent to every state or Member of the League of Nations which is a party to the convention relied upon in the special agreement or in the application as governing the case submitted to the Court.

The Court, or the President if the Court is not sitting, shall fix the times within which states desiring to intervene are to file any cases.

The Registrar shall take the necessary steps to enable the intervening state to inspect the documents in the case, in so far as they relate to the interpretation of the convention in question, and to submit its observations thereon to the Court. Such observations shall be communicated to the parties, who may comment thereon in Court. The Court may authorize the intervening State to reply.

VI. Agreement

Art. 61. If the parties conclude an agreement regarding the settlement of the dispute and give written notice of such agreement to the Court before the close of the proceedings, the Court shall officially record the conclusion of the agreement.

Should the parties by mutual agreement notify the Court in writing that they intend to break off proceedings, the Court shall officially record the fact and proceedings shall be terminated.

VII. Judgment

***Art. 62.** The judgment shall contain:

1. the date on which it is pronounced;
2. the names of the judges participating;
3. the names and style of the parties;
4. the names of the agents of the parties;
5. the conclusions of the parties;
6. the matters of fact;

7. the reasons in point of law;
8. the operative provisions of the judgment;
9. the decision, if any, referred to in Article 64 of the Statute;
10. the number of the judges constituting the majority contemplated in Article 55 of the Statute.

Dissenting judges may, if they so desire, attach to the judgment either an exposition of their individual opinion or the statement of their dissent.

***Art. 63.** When the judgment has been read in public, duly signed and sealed copies thereof shall be forwarded to the parties.

This text shall forthwith be communicated by the Registrar, through the channels agreed upon, to Members of the League of Nations and to states entitled to appear before the Court.

Art. 64. The judgment shall be regarded as taking effect on the day on which it is read in open Court, in accordance with Article 58 of the Statute.

Art. 65. A collection of the judgments of the Court shall be printed and published under the responsibility of the Registrar.

VIII. Revision and Interpretation

***Art. 66.** 1. Application for revision shall be made in the same form as the application mentioned in Article 40 of the Statute.

It shall contain:

(*a*) a specification of the judgment impeached;
(*b*) the facts upon which the application is based;
(*c*) a list of the supporting documents; these documents shall be attached to the application.

It shall be the duty of the Registrar to give immediate notice of an application for revision to the other parties concerned. The latter may submit observations within a time limit to be fixed by the Court, or by the President should the Court not be sitting.

If the Court, under the third paragraph of Article 61 of the Statute, by a special judgment makes the admission of the application conditional upon previous compliance with the terms of the judgment impeached, this condition shall be immediately communicated to the applicant by the Registrar, and proceedings in revision shall be stayed pending receipt by the Registrar of proof of previous compliance with the original judgment and until such proof shall have been accepted by the Court.

2. A request to the Court to construe a judgment which it has given may be made either by the notification of a special agreement between all the parties or by an application by one or more of the parties.

The agreement or application shall contain:

(*a*) a specification of the judgment the interpretation of which is requested;
(*b*) an indication of the precise point or points in dispute.

If the request for interpretation is made by means of an application, it shall be the duty of the Registrar to give immediate notice of such application to the other parties, and the latter may submit observations within a time limit to be fixed by the Court or by the President, as the case may be.

The Court may, whether the request be made by agreement or by application, invite the parties to furnish further written or oral explanations.

3. If the judgment impeached or to be construed was pronounced by the full Court, the application for revision or the request for interpretation shall also be dealt with by the full Court. If the judgment was pronounced by one of the Chambers mentioned in Articles 26, 27 or 29 of the Statute, the application for revision or the request for interpretation shall be dealt with by the same Chamber. The provisions of Article 13 of the Statute shall apply in all cases.

4. Objections to the Court's jurisdiction to revise or to construe a judgment, or other similar preliminary objections, shall be dealt with according to the procedure laid down in Article 38 of the present Rules.

5. The Court's decision on requests for revision or interpretation shall be given in the form of a judgment.

Section C. Summary Procedure

Art. 67. Except as provided under the present section, the rules for procedure before the full Court shall apply to summary procedure.

***Art. 68.** Upon receipt by the Registrar of the document instituting proceedings in a case which, by virtue of an agreement between the parties, is to be dealt with by summary procedure, the President of the Court shall, as soon as possible, notify the members of the Chamber referred to in Article 29 of the Statute. The Chamber or, if it is not in session, its President, shall fix the time within which the first document of the written procedure, provided for in the following article, shall be filed.

The President shall convene the Chamber at the earliest date that may be required by the circumstances of the case.

***Art. 69.** Summary proceedings are opened by the presentation of cases according to the provisions of Article 39, paragraph 1, of the present Rules. If a case is presented by one party only, the other party or parties shall present a counter-case. In the event of the simultaneous presentation of cases by the parties, the Chamber may invite the presentation, under the same conditions, of counter-cases.

The cases and counter-cases, which shall be communicated by the Registrar to the members of the Chamber and to opposing parties, shall mention all evidence which the parties may desire to produce.

Should the Chamber consider that the documents do not furnish adequate information, it may, in the absence of an agreement to the

contrary between the parties, institute oral proceedings. It shall fix a date for the commencement of the oral proceedings.

At the hearing, the Chamber shall call upon the parties to supply oral explanations. It may sanction the production of any evidence mentioned in the documents.

If it is desired that witnesses or experts whose names are mentioned in the documents should be heard, such witnesses or experts must be available to appear before the Chamber when required.

Art. 70. The judgment is the judgment of the Court rendered in the Chamber for summary procedure. It shall be read at a public sitting of the Chamber.

Heading 2. Advisory Procedure

***Art. 71.** Advisory opinions shall be given after deliberation by the full Court. They shall mention the number of the judges constituting the majority.

On a question relating to an existing dispute between two or more states or Members of the League of Nations, Article 31 of the Statute shall apply. In case of doubt the Court shall decide.[1]

Dissenting judges may, if they so desire, attach to the opinion of the Court either an exposition of their individual opinion or the statement of their dissent.

***Art. 72.** Questions upon which the advisory opinion of the Court is asked shall be laid before the Court by means of a written request, signed either by the President of the Assembly or the President of the Council of the League of Nations, or by the Secretary-General of the League under instructions from the Assembly or the Council.

The request shall contain an exact statement of the question upon which an opinion is required, and shall be accompanied by all documents likely to throw light upon the question.

***Art. 73.** 1. The Registrar shall forthwith give notice of the request for an advisory opinion to the members of the Court, to the Members of the League of Nations, through the Secretary-General of the League, and to any states entitled to appear before the Court.

The Registrar shall also, by means of a special and direct communication, notify any Member of the League or state admitted to appear before the Court or international organization considered by the Court (or, should it not be sitting, by the President) as likely to be able to furnish information on the question, that the Court will be prepared to receive, within a time limit to be fixed by the President, written statements, or to hear, at a public sitting to be held for the purpose, oral statements relating to the question.

Should any state or Member referred to in the first paragraph have failed to receive the communication specified above, such state

[1] This paragraph was added by amendment by the Court on September 7, 1927.

or Member may express a desire to submit a written statement, or to be heard; and the Court will decide.

2. States, Members and organizations having presented written or oral statements or both shall be admitted to comment on the statements made by other states, Members or organizations, in the form, to the extent and within the time limits which the Court or, should it not be sitting, the President shall decide in each particular case. Accordingly, the Registrar shall in due time communicate any such written statements to states, Members and organizations having submitted similar statements.

***Art. 74.** Advisory opinions shall be read in open Court, notice having been given to the Secretary-General of the League of Nations and to the representatives of states, of Members of the League and of international organizations immediately concerned. The Registrar shall take the necessary steps in order to insure that the text of the advisory opinion is in the hands of the Secretary-General at the seat of the League at the date and hour fixed for the meeting held for the reading of the opinion.

Signed and sealed original copies of advisory opinions shall be placed in the archives of the Court and of the Secretariat of the League. Certified copies thereof shall be transmitted by the Registrar to States, to Members of the League, and to international organizations immediately concerned.

Any advisory opinion which may be given by the Court, and the request in response to which it is given, shall be printed and published in a special collection for which the Registrar shall be responsible.

Heading 3. Errors

***Art. 75.** The Court, or the President if the Court is not sitting, shall be entitled to correct an error in any order, judgment or opinion, arising from a slip or accidental omission.

Done at The Hague, the thirty-first day of July, one thousand nine hundred and twenty-six.

(*Signed*) MAX HUBER,
President.

(*Signed*) A. HAMMARSKJÖLD,
Registrar.

JUDGES OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE[1]

ELECTED SEPTEMBER 14–16, 1921, TO SERVE NINE YEARS

Judge	*National of*
Rafael ALTAMIRA y Crevea	Spain
Dionisio ANZILOTTI, President, 1928–	Italy
Antonio Sánchez de BUSTAMANTE	Cuba
Robert Bannatyne Viscount FINLAY	Great Britain
Hans Max HUBER, President, 1925–28	Switzerland
Bernard Cornelis Johannes LODER, President, 1922–24	Netherlands
John Bassett MOORE	United States
Didrik Galtrup Gjedde NYHOLM	Denmark
Yorozu ODA	Japan
Epitacio da Silva PESSOA[2]	Brazil
Charles André WEISS, Vice-President	France
Deputy Judge	
Frederik Valdemar Nikolai BEICHMANN	Norway
Mikhailo JOVANOVICH	Serb-Croat-Slovene State
Demitrie NEGULESCO	Rumania
WANG Ch'ung-hui	China
Registrar — M. Ake Hammarskjöld	(Sweden)

[1] On March 1, 1928.

[2] Elected September 10, 1923, to succeed Ruy Barbosa (d. March 1, 1923).

APPENDIX II

AMERICA'S RELATION TO THE WORLD COURT

CHRONOLOGY

Date	Subject
February 12, 1920	Elihu Root was named a member of a Committee of Jurists set up to draft the Statute of the Court
September 14, 1921	John Bassett Moore was elected a judge of the Court
February 17, 1923	Secretary Hughes addressed a letter to President Harding, recommending that the Senate be asked to advise and consent to the adhesion by the United States to the Protocol of Signature of the Court on four conditions
February 24, 1923	President Harding asked the Senate to advise and consent to the adhesion by the United States to the Protocol of Signature of the Court
Summer of 1923	The American members of the Permanent Court of Arbitration nominated a candidate for judge to succeed Ruy Barbosa
December 6, 1923	President Coolidge, in his annual message to Congress, commended President Harding's proposal of February 24, 1923, to the favorable consideration of the Senate
June, 1923–June, 1924	Arbitration treaties of the United States with Great Britain, France, Japan, Portugal, Norway, The Netherlands, and Sweden, were renewed with provision for consideration of possible reference of disputes to the Court after adhesion to the Protocol by the United States
December 3, 1924	President Coolidge, in his annual message to Congress, repeated his recommendation that the United States should adhere to the Court Protocol, adding a condition that this country shall not be bound by advisory opinions of the Court "upon questions which we have not voluntarily submitted for its judgment"

March 3, 1925	The House of Representatives, by vote of 302 to 28, passed a resolution expressing cordial approval of the Court, an earnest desire that the United States adhere to the Court Protocol with the reservations recommended by President Harding and President Coolidge, and readiness to participate in enacting legislation made necessary by adhesion
December 8, 1925	President Coolidge in his annual message to Congress discusses pending proposal for adhesion and present arguments for favorable action, reiterating earlier attitude on advisory opinions
January 27, 1926	Passage by Senate of resolution advising and consenting to adhesion to the Protocol by the United States
September 1–23, 1926	Conference of States signatory to the Protoco for consideration of American reservations
February 6, 1928	Senator Frederick H. Gillette presents resolution for exchange of views on adjustment of differences

I. PROPOSED ADHESION OF THE UNITED STATES[1]

1. Message of the President Submitting the Protocol and Statute for the Advice and Consent of the Senate

To the Senate:

There has been established at The Hague a Permanent Court of International Justice for the trial and decision of international causes by judicial methods, now effective through the ratification by the signatory powers of a special Protocol. It is organized and functioning. The United States is a competent suitor in the Court, through provision of the Statute creating it, but that relation is not sufficient for a nation long committed to the peaceful settlement of international controversies. Indeed, our nation had a conspicuous place in the advocacy of such an agency of peace and international adjustment, and our deliberate public opinion of to-day is overwhelmingly in favor of our full participation, and the attending obligations of maintenance and the furtherance of its prestige. It is for this reason that I am now asking for the consent of the Senate to our adhesion to the Protocol.

With this request I am sending to the Senate a copy of the letter addressed to me by the Secretary of State in which he presents in detail the history of the establishment of the Court, takes note of the objection to our adherence because of the Court's organization under the auspices of the League of Nations, and its relation thereto, and indicates how, with certain reservations, we may fully adhere and participate, and remain wholly free from any legal relation to the League or assumption of obligation under the Covenant of the League.

I forbear repeating the presentation made by the Secretary of State, but there is one phase of the matter not covered in his letter with which I choose frankly to acquaint the Senate. For a long period, indeed ever since the International Conference on the Limitation of Armament, the consideration of plans under which we might adhere to the Protocol has been under way. We were unwilling to adhere unless we could participate in the selection of the judges; we could not hope to participate with an American accord if adherence involved any legal relation to the League. These conditions, there is good reason to believe, will be acceptable to the signatory powers, though nothing definitely can be done until the United States tenders adhesion with these reservations. Manifestly the Executive cannot make this tender until the Senate has spoken its approval. Therefore,

[1] Reprinted from Sen. Doc. No. 309, 67th Cong., 4th sess.

I most earnestly urge your favorable advice and consent. I would rejoice if some action could be taken even in the short period which remains of the present session.

It is not a new problem in international relationship. It is wholly a question of accepting an established institution of high character, and making effective all the fine things which have been said by us in favor of such an agency of advanced civilization. It would be well worth the while of the Senate to make such special effort as is becoming to record its approval. Such action would add to our own consciousness of participation in the fortunate advancement of international relationship and remind the world anew that we are ready for our proper part in furthering peace and adding to stability in world affairs.

WARREN G. HARDING.

The WHITE HOUSE, February 24, 1923.

2. CONDITIONS OF ADHESION. LETTER OF THE SECRETARY OF STATE TO THE PRESIDENT

THE SECRETARY OF STATE,
Washington, February 17, 1923.

MY DEAR MR. PRESIDENT:

Referring to our interviews with respect to the advisability of action by this Government in order to give its adhesion, upon appropriate conditions, to the Protocol establishing the Permanent Court of International Justice, I beg leave to submit the following considerations:

From its foundations this Government has taken a leading part in promoting the judicial settlement of international disputes. Prior to the First Peace Conference at The Hague in 1899 the United States had participated in 57 arbitrations, 20 of which were with Great Britain. The President of the United States had acted as arbitrator between other nations in five cases, and ministers of the United States or other persons designated by this Government, had acted as arbitrator or umpire in seven cases. In 1890 the Congress adopted a concurrent resolution providing:

> That the President be, and is hereby, requested to invite, from time to time, as fit occasions may arise, negotiations with any Government with which the United States has or may have diplomatic relations, to the end that any differences or disputes arising between the two Governments which cannot be adjusted by diplomatic agency may be referred to arbitration and be peaceably adjusted by such means. (*Congressional Record*, 51st Cong. 1st Sess., Part 3, Vol. 21, p. 2986.)

In his instructions to the delegates of this Government to the First Peace Conference at The Hague, Secretary Hay said:

> Nothing can secure for human government and for the authority of law which it represents so deep a respect and so firm a loyalty as the spectacle of sovereign and independent states, whose duty it is to prescribe the rules of justice and impose penalties upon the lawless, bowing with reverence before the august supremacy of those principles of right which give to law its eternal foundation.

A plan for a permanent international tribunal accompanied these instructions.

At that conference there was adopted a "convention for the pacific settlement of international disputes," which provided for a Permanent Court of Arbitration. This organization, however, while called a permanent court, really consists of an eligible list of persons, designated by the contracting parties respectively, from whom tribunals may be constituted for the determination of such controversies as the parties concerned may agree to submit to them.

In 1908 and 1909 the United States concluded 19 general conventions of arbitration which, in accordance with The Hague conventions, provided for arbitration by special agreement of differences which are of a legal nature or which relate to the interpretation of treaties, and which it may not have been possible to settle by diplomacy, provided that the differences do not affect the vital interest, the independence or the honor of the two contracting states and do not concern the interests of third parties. Moreover, since the First Peace Conference at The Hague, a number of conventions have been concluded by this Government submitting to arbitration questions of great importance.

It is believed that the preponderant opinion in this country has not only favored the policy of judicial settlement of justiciable international disputes through arbitral tribunals specially established, but it has also strongly desired that a Permanent Court of International Justice should be established and maintained. In his instructions to the delegates of the United States to the Second Peace Conference, held at The Hague in 1907, Secretary Root emphasized the importance of the establishment of such a tribunal in conformity with accepted judicial standards. He said:

> It should be your effort to bring about in the second conference a development of The Hague tribunal into a permanent *tribunal*, composed of judges who are judicial officers and nothing else; who are paid adequate salaries; who have no other occupation, and who will

devote their entire time to the trial and decision of international causes by judicial methods and under a sense of judicial responsibility. These judges should be so selected from the different countries that the different systems of law and procedure and the principal languages shall be fairly represented. The court should be of such dignity, consideration and rank that the best and ablest jurists will accept appointment to it and that the whole world will have absolute confidence in its judgment.

The Second Peace Conference discussed a plan looking to the attainment of this object, but the project failed because an agreement could not be reached with respect to the method of selecting judges. The conference adopted the following recommendation:

> The conference recommends to the signatory powers the adoption of the project hereto annexed, of a convention for the establishment of a court of arbitral justice and its putting into effect as soon as an accord shall be reached upon the choice of the judges and the constitution of the court.

The Covenant of the League of Nations provided, in Article 14, that the Council of the League should formulate and submit to the Members of the League plans for the establishment of a Permanent Court of International Justice, which should be competent to hear and determine any dispute of an international character, which the parties thereto should submit to it, and which also might give an advisory opinion upon any dispute or question referred to it by the Council or by the Assembly of the League. This provision of the Covenant, it may be said, did not enter into the subsequent controversy with respect to participation by this Government in the League of Nations; on the contrary, it is believed that this controversy reflected but little, if any, divergence of view in this country with respect to the advisability of establishing a permanent international court.

Pursuant to the direction contained in the article above quoted, the Council of the League appointed an advisory committee of jurists, which sat at The Hague in the summer of 1920 and formulated a plan for the establishment of such a court. Hon. Elihu Root was a member of that committee. It recommended a plan, which was subsequently examined by the Council and Assembly of the League, and, after certain amendments had been made, the Statute constituting the Permanent Court of International Justice was adopted by the Assembly of the League on December 13, 1920.

While these steps were taken under the auspices of the League, the

Statute constituting the Permanent Court of International Justice did not become effective upon its adoption by the Assembly of the League. On the contrary, it became effective by virtue of the signature and ratification by the signatory powers of a special protocol. The reason for this procedure was that, although the plan of the Court was prepared under Article 14 of the Covenant, the Statute went beyond the terms of the Covenant, especially in making the Court available to states which were not Members of the League of Nations. Accordingly, a Protocol of Signature was prepared by which the signatory powers declared their acceptance of the adjoined Statute of the Permanent Court of International Justice. The Permanent Court thus established by the signatory powers under the Protocol with Statute annexed, is now completely organized and at work.

The Statute of the Court provides for the selection of the judges; defines their qualifications and prescribes the jurisdiction of the Court and the procedure to be followed in litigation before it.

The Court consists of 15 members — 11 judges, called "ordinary judges," and 4 deputy-judges. The 11 judges constitute the full Court. In case they cannot all be present, deputies are to sit as judges in place of the absentees; but if 11 judges are not available, nine may constitute a quorum. It is provided that the judges shall be elected, regardless of their nationality, from among persons of high moral character, possessing the qualifications required in their respective countries for appointment to the highest judicial offices, or are jurisconsults of recognized competence in international law. The judges are elected by the Council and Assembly of the League, each body proceeding independently. The successful candidate must obtain an absolute majority of votes in each body. The judges are elected for nine years and are eligible for reelection. The ordinary judges are forbidden to exercise any political or administrative function. This provision does not apply to the deputy judges except when performing their duties on the Court.

The jurisdiction of the Court comprises all cases which the parties refer to it and all matters specially provided for in treaties and conventions in force.

Provision has also been made so that any signatory power, if it desires, may in signing the Protocol accept as compulsory *ipso facto* and without special convention the jurisdiction of the court in all or any of the classes of legal disputes concerning (*a*), the interpretation of a treaty; (*b*), any question of international law; (*c*), the existence of any fact which, if established, would constitute a breach of an international obligation, and (*d*) the nature or extent of the reparation to be made for the breach of an international obligation.

This is an entirely optional clause and unless it is signed the jurisdiction of the Court is not obligatory.

The first election of judges of the Court took place in September, 1921. The 11 ordinary judges are the following: Viscount Robert Bannatyne Finlay, Great Britain; B. C. J. Loder, Holland; Ruy Barbosa, Brazil; D. J. Nyholm, Denmark; Charles André Weiss, France; John Bassett Moore, United States; Antonio Sánchez de Bustamante, Cuba; Rafael Altamira, Spain; Yorozu Oda, Japan; Dionisio Anzilotti, Italy; Max Huber, Switzerland.

The four deputies are: Michailo Yovanovitch, Serb-Croat-Slovene State; F. V. N. Beichmann, Norway; Demetre Negulesco, Rumania; Chung-Hui Wang, China.

It will be noted that one of the most distinguished American jurists has been elected a member of the Court — Hon. John Bassett Moore.

In considering the question of participation of the United States in the support of the Permanent Court, it may be observed that the United States is already a competent suitor in the Court. The Statute expressly provides that the Court shall be open not only to Members of the League but to states mentioned in the Annex to the Covenant.

But it is not enough that the United States should have the privileges of a suitor. In view of the vast importance of provision for the peaceful settlement of international controversies, of the time-honored policy of this Government in promoting such settlements, and of the fact that it has at last been found feasible to establish upon a sound basis a permanent international court of the highest distinction and to invest it with a jurisdiction which conforms to American principles and practice, I am profoundly convinced that this Government, under appropriate conditions, should become a party to the convention establishing the Court and should contribute its fair share of the expense of maintenance.

I find no insuperable obstacle in the fact that the United States is not a Member of the League of Nations. The Statute of the Court has various procedural provisions relating to the League. But none of these provisions, save those for the election of judges, to which I shall presently refer, are of a character which would create any difficulty in the support of the Court by the United States despite its nonmembership in the League. None of these provisions impairs the independence of the Court. It is an establishment separate from the League, having a distinct legal status resting upon the Protocol and Statute. It is organized and acts in accordance with judicial standards, and its decisions are not controlled or subject to review by the League of Nations.

In order to avoid any question that adhesion to the protocol and acceptance of the Statute of the Court would involve any legal relation

on the part of the United States to the League of Nations, or the assumption of any obligations by the United States under the Covenant of the League of Nations, it would be appropriate, if so desired, to have the point distinctly reserved as a part of the terms of the adhesion on the part of this Government.

Again, as already noted, the signature of the Protocol and the consequent acceptance of the Statute, in the absence of assent to the optional compulsory clause, does not require the acceptance by the signatory powers of the jurisdiction of the Court except in such cases as may thereafter be voluntarily submitted to the Court. Hence, in adhering to the Protocol, the United States would not be required to depart from the position, which it has thus far taken, that there should be a special agreement for the submission of a particular controversy to arbitral decision.

There is, however, one fundamental objection to adhesion on the part of the United States to the Protocol and the acceptance of the Statute in its present form. That is, that under the provisions of the Statute only Members of the League of Nations are entitled to a voice in the election of judges. The objection is not met by the fact that this Government is represented by its own national group in The Hague Court of Arbitration and that this group may nominate candidates for election as judges of the Permanent Court of International Justice. This provision relates simply to the nomination of candidates; the election of judges rests with the Council and Assembly of the League of Nations. It is no disparagement of the distinguished abilities of the judges, who have already been chosen, to say that the United States could not be expected to give its formal support to a permanent international tribunal in the election of the members of which it had no right to take part.

I believe that the validity of this objection is recognized and that it will be feasible to provide for the suitable participation by the United States in the election of judges, both ordinary and deputy judges, and in the filling of vacancies. The practical advantage of the present system of electing judges by the majority votes of the Council and Assembly of the League acting separately, is quite manifest. It was this arrangement which solved the difficulty, theretofore appearing almost insuperable, of providing an electoral system conserving the interests of the powers both great and small. It would be impracticable, in my judgment, to disturb the essential features of this system. It may also be observed that the members of the Council and Assembly of the League in electing the judges of the Court do not act under the Covenant of the League of Nations, but under the Statute of the Court and in the capacity of electors, performing duties

defined by the Statute. It would seem to be reasonable and practicable, that in adhering to the Protocol and accepting the Statute, this Government should prescribe as a condition that the United States, through representatives designated for the purpose, should be permitted to participate, upon an equality with other states Members of the League of Nations, in all proceedings both of the Council and of the Assembly of the League for the election of judges or deputy-judges of the Court or for the filling of vacancies in these offices.

As the Statute of the Court prescribes its organization, competence and procedure, it would also be appropriate to provide, as a condition of the adhesion of the United States, that the Statute should not be amended without the consent of the United States.

The expenses of the Court are not burdensome. Under the Statute of the Court, these expenses are borne by the League of Nations; the League determines the budget and apportions the amount among its Members. I understand that the largest contribution by any state is but little more than $35,000 a year. In this matter also, the members of the Council and Assembly of the League do not act under the Covenant of the League but under the Statute of the Court. The United States if it adhered to the Protocol, would, of course, desire to pay its fair share of the expense of maintaining the Court. The amount of this contribution would, however, be subject to determination by Congress and to the making of appropriations for the purpose. Reference to this matter also might properly be made in the instrument of adhesion.

Accordingly I beg to recommend that, if this course meets with your approval, you request the Senate to take suitable action, advising and consenting to the adhesion on the part of the United States to the Protocol of December 16, 1920, accepting the adjoined Statute of the Permanent Court of International Justice, but not the optional clause for compulsory jurisdiction; provided, however, that such adhesion shall be upon the following conditions and understandings to be made a part of the instrument of adhesion:

I. That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the Covenant of the League of Nations constituting Part I of the treaty of Versailles.

II. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members respectively of the Council and Assembly of the League of Nations, in any and all proceedings

of either the Council or the Assembly for the election of judges or deputy judges of the Permanent Court of International Justice, or for the filling of vacancies.

III. That the United States will pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States.

IV. That the Statute for the Permanent Court of International Justice adjoined to the Protocol shall not be amended without the consent of the United States.

If the Senate gives its assent upon this basis, steps can then be taken for the adhesion of the United States to the Protocol in the manner authorized. The attitude of this Government will thus be defined and communicated to the other signatory powers whose acquiescence in the stated conditions will be necessary.

Copies of the Resolution of the Assembly of the League of Nations of December 13, 1920,[1] the Protocol of December 16, 1920,[2] and the Statute of the Court[3] are inclosed herewith.

I am, my dear Mr. President,

Faithfully yours,

CHARLES E. HUGHES.

[1] See p. 5. [2] See p. 91. [3] See p. 99.

II. RESOLUTION PASSED BY THE HOUSE OF REPRESENTATIVES, MARCH 3, 1925.

Whereas a World Court, known as the Permanent Court of International Justice, has been established and is now functioning at The Hague; and

Whereas the traditional policy of the United States has earnestly favored the avoidance of war and the settlement of international controversies by arbitration or judicial processes; and

Whereas this Court in its organization and probable development promises a new order in which controversies between nations will be settled in an orderly way according to principles of right and justice; Therefore be it

Resolved, That the House of Representatives desires to express its cordial approval of the said Court and an earnest desire that the United States give early adherence to the Protocol establishing the same, with the reservations recommended by President Harding and President Coolidge;

Resolved further, That the House expresses its readiness to participate in the enactment of such legislation as will necessarily follow such approval.

III. RESOLUTION GIVING ADVICE AND CONSENT OF THE SENATE TO THE ADHESION ON THE PART OF THE UNITED STATES TO THE PROTOCOL OF DECEMBER 16, 1920, WITH RESERVATIONS.[1] AGREED TO BY THE SENATE, JANUARY 27, 1926.

Whereas the President, under date of February 24, 1923, transmitted a message to the Senate, accompanied by a letter from the Secretary of State, dated February 17, 1923, asking the favorable advice and consent of the Senate to the adherence on the part of the United States to the Protocol of December 16, 1920, of Signature of the Statute for the Permanent Court of International Justice, set out in the said message of the President (without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein), upon the conditions and understandings hereafter stated, to be made a part of the instrument of adherence: Therefore, be it

Resolved (*two-thirds of the Senators present concurring*), That the Senate advise and consent to the adherence on the part of the United States to the said Protocol of December 16, 1920, and the adjoined Statute for the Permanent Court of International Justice (without accepting or agreeing to the optional clause for compulsory jurisdiction contained in said Statute), and that the signature of the United States be affixed to the said Protocol, subject to the following reservations and understandings, which are hereby made a part and condition of this resolution, namely:

1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.[2]

[1] S. Res. 5, 69th Cong., 1st sess., as modified in open executive session, January 16 (calendar day, January 23), 1926, and passed January 16 (calendar day, January 27), 1926.

[2] The resolution as finally adopted was based upon S. Res. 5 and S. Res. 6, 69th Cong., 1st sess., introduced on March 5 respectively by Senator Swanson, Democrat, and Senator Willis, Republican. In their text No. 1 read: " . . . or the assumption of any obligations by the United States under the Covenant of the League of Nations constituting Part I of the treaty of Versailles."

2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

3. That the United States will pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States.

4. That the United States may at any time withdraw its adherence to the said Protocol[1] and that the Statute for the Permanent Court of International Justice adjoined to the Protocol shall not be amended without the consent of the United States.

5. That the Court shall not render any advisory opinion except publicly after due notice to all states adhering to the Court and to all interested states and after public hearing or opportunity for hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.[2]

The signature of the United States to the said Protocol shall not be affixed until the powers signatory to such Protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adherence by the United States to the said Protocol.

Resolved, further, As a part of this act of ratification that the United States approve the Protocol and Statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and

[1] A provision as to withdrawal was not included in either the Swanson or Willis resolution.

[2] The original Swanson reservation read as follows:

"5. That the United States shall be in no manner bound by any advisory opinion of the Permanent Court of International Justice not rendered pursuant to a request in which it, the United States, shall expressly join in accordance with the statute for the said court adjoined to the protocol of signature of the same to which the United States shall become signatory."

The original Willis reservation read as follows:

"5. That the United States shall not be bound by advisory opinions which may be rendered by the Court upon questions which the United States has not voluntarily submitted for its judgment."

Resolved, further, That adherence to the said Protocol and Statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said Protocol and Statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

IV. CORRESPONDENCE FOLLOWING THE SENATE RESOLUTION

1. The Secretary of State to the Secretary-General of the League of Nations[1]

Department of State.
Washington, March 2, 1926.

To the Secretary-General:

Sir:

I have the honor to refer to the communication of this Department, dated August 15, 1921,[2] acknowledging the receipt of a certified copy of the Protocol of Signature relating to the Statute of the Permanent Court of International Justice, and take pleasure in informing you that the Senate of the United States of America, on January 27, 1926, gave its advice and consent to the adherence on the part of the United States to the Protocol of Signature of the Statute for the Permanent Court of International Justice, dated December 16, 1920, and the adjoined Statute for the Permanent Court of International Justice, without accepting or agreeing to the Optional Clause for Compulsory Jurisdiction, contained in the said Statute on the condition of the acceptance by the powers signatory to the Protocol of the conditions, reservations and understandings contained in the Senate Resolution which reads as follows: —

[Here follows the Senate resolution as above.]

I have the honor, therefore, to inform you that the signature of the United States will not be affixed to the said Protocol until the Governments of the powers signatory thereto shall have signified in writing to the Government of the United States their acceptance of the foregoing conditions, reservations and understandings as a part and a condition to the adherence of the United States to the said Protocol and Statute.

I have addressed a communication to the representative of each of the Governments of the powers signatories of the Protocol asking these several Governments to be good enough to ascertain and to inform me in writing whether they will accept the conditions, reservations and

[1] Reprinted from League of Nations, *Official Journal*, VII, p. 628. Communicated to the Council and Members of the League of Nations, March 17, 1926.

[2] Not reprinted.

understandings contained in the resolution as a part and condition of the adherence of the United States to the said protocol and statute.

Accept, Sir, the assurance of my high consideration.

(Signed) FRANK B. KELLOGG.

2. LETTER DATED MARCH 29, 1926, FROM THE SECRETARY-GENERAL OF THE LEAGUE OF NATIONS TO THE SECRETARY OF STATE OF THE UNITED STATES OF AMERICA [1]

I have the honor to refer to your letter of March 2, 1926, communicating to me, as Secretary-General of the League of Nations, the terms of the resolution adopted by the Senate of the United States of America on January 27, 1926, with regard to the eventual adhesion of the United States to the Protocol of Signature of the Statute of the Permanent Court of International Justice, and informing me that you had addressed a communication to the representatives of the Governments of the states signatories of that Protocol inquiring whether they would accept the conditions, reservations and understandings required by the Senate's resolution. As I informed you in my letter of acknowledgment dated March 18, 1926, [2] I communicated copies of your letter to the Governments of the Members of the League.

I now take pleasure in informing you that, at a meeting of the Council of the League of Nations held on March 18, 1926, the British representative put before the Council, in regard to the subject dealt with in your letter, a statement and proposals which were adopted by the Council.

I have the honor to inclose an extract from the Council's Minutes containing the statement and proposals to which I refer.

You will observe from this extract that the Council, desirous of facilitating common action by the signatories of the Protocol in question with regard to the adhesion of the United States to that instrument, and after consideration of the technical aspects of the subject, has taken a decision that invitations shall be issued to the Governments of the States actually signatories of the Protocol and to the Government of the United States to appoint delegations to meet in Geneva on September 1 of the current year for the purpose of discussing any questions which it may be proper for them to discuss in this connection, and for the purpose of framing any new agreement which may be found necessary to give effect to the special conditions on which the United States are prepared to adhere to the Protocol.

[1] League of Nations, *Official Journal*, VII, p. 722.

[2] Not reprinted.

Under the terms of the Council's decision, the invitation to the meeting is addressed to the signatory states in their capacity as such signatories and to the United States of America. I have conveyed the invitation to the Governments of the former states.

I have now the honor to convey to you the above invitation of the Council for consideration by your Government, and to request that you will be so good as to inform me whether your Government will find it possible to be represented at the meeting in question.

(Signed) ERIC DRUMMOND,
Secretary-General.

Inclosure in No. 2

ADHESION OF THE UNITED STATES TO THE PROTOCOL OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

[Extract from the Minutes of the Seventh Meeting of the Thirty-Ninth Session of the Council of the League of Nations, held at Geneva on March 18, 1926 (*Official Journal*, VII, p. 535).]

Sir Austen Chamberlain reminded the Council of the letter received by the Secretary-General from the Secretary of State in Washington communicating the terms on which the United States of America, with the consent of the Senate, were prepared to adhere to the Protocol of Signature of the Statute of the Permanent Court of International Justice.

He then read the following statement:

The Senate resolution of January 27, 1926, stipulates that the signature of the United States to the Protocol of December 16, 1920, shall not be affixed until the powers signatory to that Protocol shall have indicated by an exchange of notes their acceptance of the first five paragraphs of that resolution. The Protocol of 1920 is a multilateral instrument to which all the signatories are parties, and the special conditions on which the United States desire to accede to it should also be embodied in a multilateral instrument. They can not appropriately be embodied in a series of separate exchanges of notes.

The terms of some of the first five paragraphs of the Senate resolution affect in certain respects the rights of the states which have ratified the Protocol of December 16, 1920, and it is not usual that rights established by an instrument which has been ratified should be varied by a mere exchange of notes.

The terms of the fifth paragraph of the Senate resolution necessitate further examination before they could safely be accepted by the states which are parties to the Protocol of 1920. This paragraph is capable

of bearing an interpretation which would hamper the work of the Council and prejudice the rights of Members of the League, but it is not clear that it was intended to bear any such meaning. The correct interpretation of this paragraph of the resolution should be the subject of discussion and agreement with the United States Government.

It should not be difficult to frame a new agreement giving satisfaction to the wishes of the United States Government if an opportunity could be obtained for discussing with a representative of that Government the various questions raised by the terms of the Senate resolution. To any such new agreement the states which have signed the Protocol of December 16, 1920, and the United States Government would be parties.

I suggest that the most convenient course would be to propose to all the Governments which have received from the United States Government a copy of the Senate resolution that a reply should be made indicating the difficulty of proceeding by way of a mere exchange of notes and the need of a general agreement. An invitation might also be addressed by the Council to all these Governments and to the Government of the United States to appoint a delegation to participate in the discussions as proposed above and in the framing of a new agreement at a meeting to be held here on September 1 of the current year.

The Council adopted the proposals of the British representative.

3. The American Chargé D'Affaires at Bern to the Secretary-General of the League of Nations[1]

Sir:

I have the honor to acknowledge your communication of March 29, 1926, in which you inclose an extract from the minutes of the meeting of the Council of the League proposing that invitations be issued to the Governments of the states actual signatories of the Protocol of the Permanent Court of International Justice and to the Government of the United States to appoint delegates to meet in Geneva on September first of the current year for the purpose of discussing any questions which it may be proper for them to discuss in this connection and for the purpose of framing any new agreement which may be found necessary to give effect to the special conditions on which the United States is prepared to adhere to the Protocol. I further note your statement that invitations have been issued to the various states signatory to the Protocol and you now extend an invitation to the United States for such purpose. I am also advised that in the invitation sent to the states other than the United States the League has asked them to indicate to the United States Government the difficulty of treating the American reservations

[1] Inclosure in note from the Legation of the United States of America, Bern, Switzerland, April 18, 1926. Released to the American press, April 19.

to adhesion to the Protocol of the Permanent Court by direct exchange of notes and to point out the need for a general agreement.

While acknowledging the courtesy of the invitation of the League of Nations to attend such a meeting, I do not feel that any useful purpose could be served by the designation of a delegate by my Government to attend a Conference for this purpose. The Senate gave its consent to the adherence of the United States to the Statute of the Permanent Court with certain specific conditions and reservations set forth in the Resolution, which I forwarded to you as the depository of the Protocol. These reservations are plain and unequivocal and, according to their terms, they must be accepted by the exchange of notes between the United States and each one of the forty-eight states signatory to the Statute of the Permanent Court before the United States can become a party and sign the Protocol. The Resolution specifically provided this mode of procedure.

I have no authority to vary this mode of procedure or to modify the conditions and reservations or to interpret them and I see no difficulty in the way of securing the assent of each signatory by direct exchange of notes as provided for by the Senate. It would seem to me to be a matter of regret if the Council of the League should do anything to create the impression that there are substantial difficulties in the way of such direct communication. This Government does not consider that any new agreement is necessary to give effect to the conditions and reservations on which the United States is prepared to adhere to the Permanent Court. The acceptance of the reservations by all the nations signatory to the Statute of the Permanent Court constitute such an agreement. If any machinery is necessary to give the United States an opportunity to participate through representatives for the election of judges, this should naturally be considered after the reservations have been adopted and the United States has become a party to the Statute of the Permanent Court of International Justice. If the States signatory to the Statute of the Permanent Court desire to confer among themselves, the United States would have no objection whatever to such a procedure, but, under the circumstances it does not seem appropriate that the United States should send a delegate to such a Conference.

Accept, Sir, the renewed assurance of my highest consideration.

(Signed) FRANK B. KELLOGG.

V. CONFERENCE OF STATES SIGNATORIES OF THE PROTOCOL OF SIGNATURE OF THE STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

Final Act of the Conference

1. The Conference of States Signatories of the Protocol of Signature of the Statute of the Permanent Court of International Justice (Protocol of December 16, 1920) met at the International Labor Office in Geneva on September 1, 1926.

2. The occasion of this conference was the letter of March 2, 1926, by which the Secretary of State of the United States of America informed the Secretary-General of the League of Nations that the United States was disposed to adhere to the Protocol of Signature of December 16, 1920, on condition that each of the states signatories of the said Protocol should previously accept five reservations and conditions as follows:

"I. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.

"II. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, Members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice or for the filling of vacancies.

"III. That the United States will pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States.

"IV. That the United States may at any time withdraw its adherence to the said Protocol and that the Statute for the Permanent Court of International Justice adjoined to the Protocol shall not be amended without the consent of the United States.

"V. That the Court shall not render any advisory opinion except publicly after due notice to all States adhering to the Court and to all interested states and after public hearing or opportunity for hearing given to any State, concerned; nor shall it, without the consent of the United States, entertain any request for an advisory

opinion touching any dispute or question in which the United States has or claims an interest."

This letter gave rise to the resolution of the Council of the League of Nations of March 18, 1926, suggesting that a Conference of the delegates of the states signatories of the Protocol should be convened at Geneva, in which the Government of the United States was also invited to participate. The Conference was charged with the task of studying the way in which the Governments of the signatories of the Protocol above mentioned might satisfy the five reservations and conditions proposed by the Government of the United States of America.

3. The Government of the United States, for the reasons set forth in a letter of April 17, 1926, addressed by the Secretary of State of the United States to the Secretary-General of the League of Nations, declined the invitation to take part in the Conference. The signatory states enumerated below designated as their delegates to the Conference:

[Here follow the names of delegates.][1]

In the course of its first meeting on September 1, 1926, the Conference elected as President, Jonkheer W. J. M. VAN EYSINGA, delegate of the Netherlands, and as Vice-Presidents, His Excellency M. César ZUMETA, delegate of Venezuela, and the Right Honorable Sir Francis Henry Dillon BELL, delegate of New Zealand.

4. In the course of its sessions, continued from September 1, 1926, to September 23, 1926, the delegates named above, while regretting that they have not had the assistance of a representative of the Government of the United States, have studied the reservations and conditions of the United States with a strong desire to satisfy them in the largest possible measure. The Conference has unanimously welcomed the proposal of the United States to collaborate in the maintenance of the Permanent Court of International Justice; such collaboration has been awaited with confidence by the States which have accepted the Statute of the Court. The Conference has taken full account of the great moral effect which the participation of the United States in the maintenance of this institution of peace and justice would have on the development of international law and on the progressive organization of world society on the basis of a respect for law and the solidarity of nations. Nor has it been unmindful of the valuable American contributions to the progress of international justice in the course of the 19th and 20th centuries, notably in the fruitful participation

[1] For list of delegates, see League of Nations, Document 1926. V, 26.

of the delegates of the United States in the two Hague Peace Conferences and more recently in the large part taken by an eminent American jurist in the preparation of the Statute of the Court.

5. The Conference has recognized that adherence to the Protocol of Signature of December 16, 1920, by the United States under special conditions necessitates an agreement between the United States and the signatories of the Protocol.

6. The Conference has formulated the following conclusions as the basis of the replies to the letter addressed by the Secretary of State of the United States to each of the states signatories of the Protocol of December 16, 1920, by which the signatory states would declare their views as to the acceptance of the reservations and conditions proposed by the United States:

Reservation I

It may be agreed that the adherence of the United States to the Protocol of December 16, 1920, and the Statute of the Permanent Court of International Justice annexed thereto shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Peace of Versailles of June 28, 1919.

Reservation II

It may be agreed that the United States may participate, through representatives designated for the purpose and upon an equality with the other states, Members of the League of Nations, represented in the Council or in the Assembly, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice, or for the filling of vacancies.

Reservation III

It may be agreed that the United States pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States.

Reservation IV

A. It may be agreed that the United States may at any time withdraw its adherence to the Protocol of December 16, 1920.

In order to assure equality of treatment, it seems natural that the signatory states, acting together and by not less than a majority

of two-thirds, should possess the corresponding right to withdraw their acceptance of the special conditions attached by the United States to its adherence to the said Protocol in the second part of the fourth reservation and in the fifth reservation. In this way the *status quo ante* could be re-established if it were found that the arrangement agreed upon was not yielding satisfactory results.

It is to be hoped, nevertheless, that no such withdrawal will be made without an attempt by a previous exchange of views to solve any difficulties which may arise.

B. It may be agreed that the Statute of the Permanent Court of International Justice annexed to the Protocol of December 16, 1920, shall not be amended without the consent of the United States.

Reservation V

A. In the matter of advisory opinions, and in the first place as regards the first part of the fifth reservation, the Government of the United States will, no doubt, have become aware, since the despatch of its letters to the various Governments, of the provisions of Arts. 73 and 74 of the Rules of Court as amended by the Court on July 31, 1926 (Annex A). It is believed that these provisions are such as to give satisfaction to the United States, having been made by the Court in exercise of its powers under Art. 30 of its Statute. Moreover, the signatory states might study with the United States the possible incorporation of certain stipulations of principle on this subject in a protocol of execution such as is set forth hereafter (Annex B), notably as regards the rendering of advisory opinions in public.

B. The second part of the fifth reservation makes it convenient to distinguish between advisory opinions asked for in the case of a dispute to which the United States is a party and that of advisory opinions asked for in the case of a dispute to which the United States is not a party but in which it claims an interest, or in the case of a question, other than a dispute, in which the United States claims an interest.

As regards disputes to which the United States is a party, it seems sufficient to refer to the jurisprudence of the Court, which has already had occasion to pronounce upon the matter of disputes between a Member of the League of Nations and a state not belonging to the League. This jurisprudence, as formulated in Advisory Opinion No. 5 (Eastern Carelia), given on July 23, 1923, seems to meet the desire of the United States.

As regards disputes to which the United States is not a party but

in which it claims an interest, and as regards questions, other than disputes, in which the United States claims an interest, the Conference understands the object of the United States to be to assure to itself a position of equality with states represented either on the Council or in the Assembly of the League of Nations. This principle should be agreed to. But the fifth reservation appears to rest upon the presumption that the adoption of a request for an advisory opinion by the Council or Assembly requires a unanimous vote. No such presumption, however, has so far been established. It is therefore impossible to say with certainty whether in some cases, or possibly in all cases, a decision by a majority is not sufficient. In any event the United States should be guaranteed a position of equality in this respect; that is to say, in any case where a state represented on the Council or in the Assembly would possess the right of preventing, by opposition in either of these bodies, the adoption of a proposal to request an advisory opinion from the Court, the United States shall enjoy an equivalent right.

Great importance is attached by the Members of the League of Nations to the value of the advisory opinions which the Court may give as provided for in the Covenant. The Conference is confident that the Government of the United States entertains no desire to diminish the value of such opinions in connection with the functioning of the League of Nations. Yet the terms employed in the fifth reservation are of such a nature as to lend themselves to a possible interpretation which might have that effect. The Members of the League of Nations would exercise their rights in the Council and in the Assembly with full knowledge of the details of the situation which has necessitated a request for an advisory opinion, as well as with full appreciation of the responsibilities which a failure to reach a solution would involve for them under the Covenant of the League of Nations. A state which is exempt from the obligations and responsibilities of the Covenant would occupy a different position. It is for this reason that the procedure to be followed by a nonmember state in connection with requests for advisory opinions is a matter of importance and in consequence it is desirable that the manner in which the consent provided for in the second part of the fifth reservation will be given should form the object of a supplementary agreement which would insure that the peaceful settlement of future differences between Members of the League of Nations would not be made more difficult.

The Conference ventures to anticipate that the above conclusions will meet with acceptance by the United States. It observes that the application of some of the reservations of the United States would

involve the conclusion of an appropriate agreement between the United States and the other states signatories of the Protocol of December 16, 1920, as was indeed envisaged by the Secretary of State of the United States in his reply to the Secretary-General of the League of Nations dated April 17, 1926. To this end, it is desirable that the states signatories of the Protocol of December 16, 1920, should conclude with the United States a protocol of execution which, subject to such further exchange of views as the Government of the United States may think useful, might be in the form set out below (Annex B).

Annex A

EXTRACT FROM THE REVISED RULES OF COURT OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

(Arts. 71, 73 and 74, as printed at p. 125, 126 above)

Annex B

PRELIMINARY DRAFT OF A PROTOCOL

The states signatories of the Protocol of Signature of the Permanent Court of International Justice, dated December 16, 1920, and the United States of America, through the undersigned duly authorized representatives, have agreed upon the following provisions regarding the adherence by the United States of America to the said Protocol, subject to the five reservations formulated by the United States.

Article 1

The United States shall be admitted to participate, through representatives designated for the purpose and upon an equality with the signatory states, Members of the League of Nations, represented in the Council or in the Assembly, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice, provided for in the Statute of the Court. The vote of the United States shall be counted in determining the absolute majority of votes required by the Statute.

Article 2

No amendment of the Statute annexed to the Protocol of December 16, 1920, may be made without the consent of all the contracting states.

Article 3

The Court shall render advisory opinions in public session.

Article 4

The manner in which the consent provided for in the second part of the fifth reservation is to be given, will be the subject of an understanding to be reached by the Government of the United States with the Council of the League of Nations.

The states signatories of the Protocol of December 16, 1920, will be informed as soon as the understanding contemplated by the preceding paragraph has been reached.

Should the United States offer objection to an advisory opinion being given by the Court, at the request of the Council or the Assembly, concerning a dispute to which the United States is not a party or concerning a question other than a dispute between states, the Court will attribute to such objection the same force and effect as attaches to a vote against asking for the opinion given by a Member of the League of Nations either in the Assembly or in the Council.

Article 5

Subject to the provisions of Art. 7 below, the provisions of the present Protocol shall have the same force and effect as the provisions of the Statute annexed to the Protocol of December 16, 1920.

Article 6

The present Protocol shall be ratified. Each State shall forward the instrument of ratification to the Secretary-General of the League of Nations, who shall inform all the other signatory states. The instruments of ratification shall be deposited in the archives of the Secretariat of the League of Nations.

The present Protocol shall come into force as soon as all the states which have ratified the Protocol of December 16, 1920, including the United States, have deposited their ratifications.

Article 7

The United States may at any time notify the Secretary-General of the League of Nations that it withdraws its adherence to the Protocol of December 16, 1920. The Secretary-General shall immediately communicate this notification to all the other states signatories of the Protocol.

In such case the present Protocol shall cease to be in force as

from the receipt by the Secretary-General of the notification by the United States.

On their part, each of the contracting states may at any time notify the Secretary-General of the League of Nations that it desires to withdraw its acceptance of the special conditions attached by the United States to its adherence to the Protocol of December 16, 1920, in the second part of its fourth reservation and in its fifth reservation. The Secretary-General shall immediately give communication of this notification to each of the States signatories of the present Protocol. The present Protocol shall be considered as ceasing to be in force if and when, within one year from the receipt of the said notification, not less than two-thirds of the contracting states other than the United States shall have notified the Secretary-General of the League of Nations that they desire to withdraw the above-mentioned acceptance.

Article 8

The present Protocol shall remain open for signature by any state which may in the future sign the Protocol of Signature of December 16, 1920.

Done at....., the.....day of....., 19...., in a single copy, of which the French and English texts shall both be authoritative.

7. The Conference recommends to all the states signatories of the Protocol of December 16, 1920, that they should adopt the above conclusions and dispatch their replies as soon as possible. It directs its President to transmit to the Governments of the said states a draft letter of reply to the Secretary of State of the United States.

In faith of which the delegates have signed the present Act.

Done at Geneva, the twenty-third day of September nineteen hundred and twenty-six, in a single copy, of which the French and English texts shall both be authoritative, and which shall remain deposited in the archives of the League of Nations. A certified copy shall be sent to each of the states signatories of the Protocol of December 16, 1920, as well as to the Council of the League of Nations, which convoked the Conference.

Albania: D. Dino.
Australia: J. G. Latham.

Austria: Dr. M. Leitmaier.
Belgium: Henri Rolin.
British Empire: Cecil J. B. Hurst.
Bulgaria: Wl. Molloff.
Canada: George Eulas Foster.
Denmark: A. Oldenburg.
Dominican Republic: Dr. Franco.

Il est entendu que mon gouvernement se réserve le droit d'accepter, purement et simplement, les réserves des États-Unis d'Amérique, si bon lui semble.[1]

Spain: Juan de Arenzana.
Esthonia: A. Schmidt.
Finland: Rafael Erich.
France: Henri Fromageot.
Greece: Vassili Dendramis.
Hungary: Paul de Hevesy.
India: W. H. Vincent.
Irish Free State: M. MacWhite.
Italy: Massimo Pilotti.
Japan: Isaburo Yoshida.
Lithuania: Venceslas Sidzikauskas.
Luxemburg: Ch. G. Vermaire.
Norway: Frede Castberg.
New Zealand: F. H. D. Bell; C. J. Parr.
Panama: Eusebio A. Morales.
Netherlands: v. Eysinga.
Persia: Pce. Arfa.
Poland: Michel Rostworowski; Léon Babinski.
Portugal: Augusto de Vasconcellos.
Rumania: Demetre Negulesco.
Kingdom of the Serbs, Croats and Slovenes: Dr. Lazare Marcovitch.
Siam: Charoon.
Sweden: Erik Sjöborg.
Switzerland: Paul Dinichert.
Czechoslovakia: Stefan Osusky.
Venezuela: C. Zumeta; Diógenes Escalante; C. Parra-Pérez.

[1] "It is understood that my government reserves the right of accepting purely and simply the reservations of the United States of America, if that seems advisable to it."

EIGHTH YEARBOOK

OF THE

LEAGUE OF NATIONS

RECORD OF 1927

WORLD PEACE FOUNDATION PAMPHLETS
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THE EIGHTH YEARBOOK OF THE LEAGUE OF NATIONS

I. ORGANS OF THE LEAGUE

1. Membership

[For historical summary, see *Yearbook, 1925*, p. 379.]

MEMBERS OF THE LEAGUE OF NATIONS, JANUARY 1, 1928 — 55

State	Member from
ABYSSINIA	Sept. 28, 1923
ALBANIA	Dec. 17, 1920
ARGENTINA	July 18, 1919
AUSTRALIA	Jan. 10, 1920
AUSTRIA	Dec. 15, 1920
BELGIUM	Jan. 10, 1920
BOLIVIA	Jan. 10, 1920
BRAZIL [1]	Jan. 10, 1920
BRITISH EMPIRE	Jan. 10, 1920
BULGARIA	Dec. 16, 1920
CANADA	Jan. 10, 1920
CHILE	Nov. 4, 1919
CHINA	July 16, 1920
COLOMBIA	Feb. 16, 1920
CUBA	March 8, 1920
CZECHOSLOVAKIA	Jan. 10, 1920
DENMARK	March 8, 1920
DOMINICAN REPUBLIC	Sept. 29, 1924
ESTONIA	Sept. 22, 1921
FINLAND	Dec. 16, 1920
FRANCE	Jan. 10, 1920
GERMANY	Sept. 8, 1926
GREECE	March 30, 1920
GUATEMALA	Jan. 10, 1920
HAITI	June 30, 1920
HONDURAS	Nov. 3, 1920
HUNGARY	Sept. 18, 1922
INDIA	Jan. 10, 1920
IRISH FREE STATE	Sept. 10, 1923
ITALY	Jan. 10, 1920
JAPAN	Jan. 10, 1920
LATVIA	Sept. 22, 1921
LIBERIA	June 30, 1920
LITHUANIA	Sept. 22, 1921
LUXEMBURG	Dec. 16, 1920
NETHERLANDS	March 9, 1920
NEW ZEALAND	Jan. 10, 1920
NICARAGUA	April, 1920
NORWAY	March 5, 1920
PANAMA	Jan. 10, 1920
PARAGUAY	Dec. 26, 1919
PERSIA	Nov. 21, 1919
PERU	Jan. 10, 1920
POLAND	Jan. 10, 1920
PORTUGAL	April 8, 1920
RUMANIA	April 7, 1920
SALVADOR	March 10, 1920
SERB-CROAT-SLOVENE STATE	Feb. 10, 1920
SIAM	Jan. 10, 1920
SOUTH AFRICA	Jan. 10, 1920
SPAIN [2]	Jan. 10, 1920
SWEDEN	March 9, 1920
SWITZERLAND	March 8, 1920
URUGUAY	Jan. 10, 1920
VENEZUELA	March 3, 1920

[1] Notice of withdrawal effective June 11, 1928. It has been reported that reconsideration is contemplated. An invitation to cancel the notice has been sent by the Council.

[2] Responsive to an invitation of the Council of March 9, 1928, the Spanish Government decided not to withdraw from the League in accordance with its notice of September 12, 1926. The Government in the note announcing its decision trusted

Argentina. The participation of Argentina in the League of Nations has been an executive matter. Approval of the Covenant by the Congress had not taken place when the Government sent a delegation to the First Assembly. After several years' absence, the Government paid its back financial quota and has since made regular payments and has participated generally in the work of the League. The ordinary session of the Argentine Parliament came to an end September 30, 1926, without approval of the Covenant. The minister of foreign affairs, after a visit to Geneva, has forecast that in the session beginning early in 1928 the matter will come before the Congress and that its approval of executive ratification of the Covenant, which is supported by the Government, will command a majority.

STATES NOT MEMBERS — 9

AFGHANISTAN	NEJD, SULTANATE OF
COSTA RICA[1]	TURKEY
ECUADOR	UNION OF SOCIALIST SOVIET REPUBLICS
EGYPT	UNITED STATES OF AMERICA
MEXICO	

Iraq. The Kingdom of Iraq was originally contemplated as a mandate; however, its progress in self-government since its organization was so rapid that Great Britain, to which the mandate was originally assigned, has never assumed the position of a mandatory, but rather has established relations under a series of treaties with the approval of the Council.[2] The latest development of this sort was the treaty signed at London, December 14, 1927, Art. 8 of which says:

> Provided the present rate of progress in Iraq is maintained and all goes well in the interval, his Britannic Majesty will support the candidature of Iraq for admission to the League of Nations in 1932.

"that the Assembly will determine the form and position to which Spain is entitled in order that her participation may be efficacious and useful and in conformity with her special situation as a great neutral power during the late war and her ancient position of creator of civilized nations."

[1] Notice of withdrawal effective December 31, 1926.

[2] See *Yearbook*, 1925, p. 486.

2. Eighth Assembly

The Assembly sat from September 5–27. Forty-nine states Members were represented:

Abyssinia, Albania, Australia, Austria, Belgium, British Empire, Bulgaria, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Dominican Republic, Estonia, Finland, France, Germany, Greece, Guatemala, Haiti, Hungary, India, Irish Free State, Italy, Japan, Latvia, Liberia, Lithuania, Luxemburg, Netherlands, Nicaragua, Norway, New Zealand, Panama, Paraguay, Persia, Poland, Portugal, Rumania, Salvador, Serb-Croat-Slovene State, Siam, South Africa, Sweden, Switzerland, Uruguay, Venezuela.

The Argentine Republic, Bolivia, Brazil, Honduras, Peru and Spain, did not send delegates.

The heads of the Assembly delegations included the President of the Swiss Confederation, the prime ministers of Luxemburg and Lithuania, and the 21 foreign ministers of Albania, Belgium, Great Britain, Bulgaria, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Netherlands, Poland, Portugal, Rumania, Salvador, Serb-Croat-Slovene State, Sweden.

The Assembly held 22 plenary meetings, ten of which were devoted to the general debate on the work of the Council and Secretariat since last session.[1] Thirty speakers took part in the discussion, which centered on the questions of arbitration, security and the reduction of armaments, the work of the Economic Conference, the codification of international law and the methods of work of the Council.

Officers and Committees. Enrique Villegas (Chile) as acting president of the Council opened the Assembly with a speech in which he reviewed the ever increasing field of the League's international work. He presided during the

[1] *Report on the Work. . . .* (A. 13 and 13 (*a*). 1927. General Questions, 3 and 7.)

election of Alberto Guani, first delegate of Uruguay, as president of the Assembly.

The Assembly divided its work among six committees as in previous years. Each state is entitled to be represented by one delegate upon each committee. The business of the Assembly was distributed to the committees as follows:

1. *Legal and Constitutional Questions:* Accessions to international agreements given subject to ratification; progressive codification of international law. Chairman, M. Adatci (Japan); vice-chairman, M. Zahle (Denmark).

2. *Technical Organizations:* Report of the International Economic Conference; reports of the Economic and Financial Organization, of the Health Organization, of the Organization for Communications and Transit, and of the Committee on Intellectual Cooperation. Chairman, M. Dandurand (Canada); vice-chairman, M. Veverka (Czechoslovakia).

3. *Reduction of Armaments:* Arbitration, security and reduction of armaments, obligations incumbent upon states Members in case of emergency to facilitate the meeting of the Council by every means in their power. Chairman, M. Beneš (Czechoslovakia); vice-chairman, M. Guerrero (Salvador).

4. *Budget and Financial Questions:* Chairman, M. van Eysinga (Netherlands); vice-chairman, M. de Vasconcellos (Portugal).

5. *Social and General Questions:* Protection and welfare of children and young people; protection of women and children in the Near East; traffic in opium; Armenian and Russian refugees. Chairman, M. Hambro (Norway); vice-chairman, Hussein Khan Ala (Persia).

6. *Political Questions:* Slavery convention, mandates, system of the single transferable vote and proportional representation in connection with the election of nonpermanent members of the Council. Chairman, M. Bech (Luxemburg); vice-chairman: Count Apponyi (Hungary).

The chairmen of the committees are *ipso facto* vice-presidents of the Assembly.

The General Committee is composed of the president and the 12 vice-presidents, six of whom are elected. A proposal of the president that M. Motta, President of the Swiss Confederation, should be appointed as honorary member of the General Committee, was adopted by acclamation. The vice-presidents elected by the Assembly were as follows:

Vittorio SCIALOJA (Italy);
Aristide BRIAND (France);
Sir Austen CHAMBERLAIN (British Empire);
Gustav STRESEMANN (Germany);
Alfred NEMOURS (Haiti);
Count Albert MENSDORFF-POUILLY-DIETRICHSTEIN (Austria).

The General Committee has much to do with the management of the Assembly, determining the time of plenary meetings, their agendas, etc. In addition there is an Agenda Committee, which decides on the disposition of proposals made in the course of the session. As this duty is a delicate one, great care is taken to have on it representatives of states which will fully reflect the general opinion of the Assembly. The 1927 Agenda Committee was composed as follows:

Louis DE BROUCKÈRE (Belgium) (Chairman);
Dr. E. A. MORALES (Panama);
H. H. Prince VARNVAIDYAKARA (Siam);
François SOKAL (Poland);
Wilis SCHUMANS (Latvia);
Dr. A. J. RESTREPO (Colombia);
J. A. COSTELLO (Irish Free State).

3. The Council

The Council met during 1927 as follows:

44. Geneva, March 7–12.
45. Geneva, June 13–17.
46. Geneva, September 1–15.
47. Geneva, September 17–28.
48. Geneva, December 5–12.

Members. Membership in the Council was subject for the second time to the rules adopted by the Assembly on September 15, 1926.[1] By this system elected nonpermanent Members take office when elected, and as a consequence, there is a reorganization of the Council in September during the session of the Assembly. The membership during 1927 was as follows:

[1] See *Seventh Yearbook*, p. 184.

Permanent: British Empire, France, Germany, Italy, Japan.

January 1–September 15:

Nonpermanent: Belgium, Chile, China, Colombia, Czechoslovakia, Netherlands, Poland, Rumania, Salvador.

September 15–September , 1928:

Nonpermanent: Canada (1930),[1] Chile (1929), China (1928), Colombia (1928), Cuba (1930), Finland (1930), Netherlands (1928), Poland (1929),[2] Rumania (1929).

On September 15, the Assembly elected Cuba, Finland and Canada to sit on the Council for three years, the retiring Members being Belgium, Salvador and Czechoslovakia. A secret ballot was taken by roll-call. Forty-nine votes were cast, the absolute majority being 25. Cuba obtained 40, Finland 33, and Canada 26 votes.

Belgium, which had sat on the Council since 1920, had requested that it be declared reeligible under the rules adopted in 1926 by which the reeligibility of nonpermanent Members may be decided by the Assembly by a two-thirds majority. The number of votes cast was 48, the absolute majority 32. Belgium obtained 29 votes, three less than the number required. M. Emile Vandervelde (Belgium) expressed his conviction that the votes against the proposal had been given on grounds of principle, and did not represent any feeling against his country which, needless to say, would continue to cooperate wholeheartedly in the work of the League.

The question of the single transferable vote and proportional representation in connection with the election of the nonpermanent Members of the Council, raised at the Seventh Assembly by the Norwegian delegation, was discussed anew. The Eighth Assembly, in agreement with the authors of the proposal, came to the conclusion that,

[1] The parenthesized dates indicate the September to which the term of the Member extends.

[2] Also reeligible for further term of three years.

were the principle of proportional representation to be adopted, the single transferable vote system could be applied to Council elections. But the present system should be given a fair trial and should not be changed at this time.

Temporary Members. By Art. 4, par. 5, of the Covenant any Member of the League not represented on the Council is entitled to representation as a Member during consideration of matters specially affecting its interests. The same principle is applied to non-Members of the League, and of organizations both of League and non-League origin. The following were represented during the sessions of the Council in 1927:

44th Session. — Australia, Bulgaria, Free City of Danzig, Estonia, Greece, Hungary, Persia, Serb-Croat-Slovene State, Union of South Africa; Advisory Committee on Traffic in Opium and Other Dangerous Drugs, Commission for Bulgarian Refugee Settlement, Economic Committee, Financial Committee, Greek Refugee Settlement Commission, Health Committee, Permanent Mandates Commission, Saar Basin Governing Commission, Special Body of Experts on the Extent of the International Traffic in Women and Children.

45th Session. — Bulgaria, Finland, Free City of Danzig, Greece, Hungary, Lithuania; Bulgarian Refugee Settlement Commission, Committee on Traffic in Opium and Other Dangerous Drugs, Committee on Traffic in Women and Children, Danzig Harbor Board, Greek Refugee Settlement Commission, Health Committee, High Commissioner for Refugees.

46th Session. — Australia, Bulgaria, Finland, Free City of Danzig, Greece, New Zealand, Union of South Africa; Bulgarian Refugee Settlement Commission, Committee on Communications and Transit, Conference of Press Experts, Greek Refugee Settlement Commission, High Commissioner for Refugees, Permanent Mandates Commission.

47th Session. — Bulgaria, Free City of Danzig, Greece, Hungary; Bulgarian Refugee Settlement Commission, Greek Refugee Settlement Commission, High Commissioner for Refugees.

48th Session. — Bulgaria, Free City of Danzig, Greece, Hungary, Lithuania, Portugal; Advisory Committee on Traffic in Opium and Other Dangerous Drugs, Bulgarian Refugee Settlement Commission, Committee on Child Welfare, Committee on Traffic in Women and Children, Economic Committee, Financial Committee, Greek Refugee Settlement Commission, Health Committee, High Commissioner for Refugees, International Labor Office.

Number of Meetings Annually. In March, the Council on the proposal of the British representative requested the Secretary-General to submit at its next session a report on reducing the yearly number of regular Council sessions from four to three. The British representative thought such a measure would facilitate the task of foreign ministers who represented their countries on the Council. In his report, the Secretary-General noted that, as far as could be judged at present, the reduction of the number of sessions would not cause serious difficulties from an administrative point of view.[1]

On June 13, Sir Austen Chamberlain said that his suggestion appeared to have given rise to needless anxiety and suspicion. He was unable to understand how the interests of the Assembly or of Members of the League could be prejudiced by the proposal to hold three regular sessions in the year instead of four. The change required mature consideration and reflection and should only be adopted if it received the general support of the Council and the Assembly. He accordingly proposed that the matter should be considered again by the Council as constituted after the September elections.[2]

The Council on December 7 and 9 heard an exchange of views between the British, Canadian, Chilean, Chinese, Colombian, French, German, Japanese and Netherlands representatives, and decided that the present system should remain in force until next Assembly.[3]

Rapporteurs. The rules of procedure of the Council have from the beginning provided that questions considered by that body should be examined and reported upon by the representatives of Members neutral to the subject matter. On February 2, 1923, the experience of the previous three years was consolidated into a list of subjects and rapporteurs. With a change in the composition of the Council in 1926, the list was revised, and annual

[1] *Official Journal*, VIII, p. 819.

[2] Same, p. 743.

[3] Same, IX, p. 141, 173.

revision, in view of the changes in states represented on the Council, has since been required. On September 27, 1927, the following list of rapporteurs for 1927–28 was approved at the 47th Session of the Council: [1]

1. Financial questions	Finland
2. Economic questions	Germany
3. Transit Committee	Poland
4. Health	Japan
5. International law	Italy
6. Finances of the League of Nations	Cuba
7. International bureaus	China
8. Mandates	Netherlands
9. Minorities	Colombia
10. Armaments	Rumania
11. Saar	Italy
12. Danzig	Chile
13. Intellectual Cooperation	France
14. Opium	Canada
15. Traffic in Women and Children	Great Britain
16. Humanitarian questions	Poland
17. Child Welfare	Canada
18. Press Conference	Cuba

4. The Secretariat

The Secretariat comprises the Secretary-General, Sir Eric Drummond, and about 475 men and women of some 40 nationalities. Appointments are made by the Secretary-General, with the approval of the Council. However, the Secretary-General has established Staff Regulations which in large measure control nominations for appointment.

The Secretariat includes a Deputy Secretary-General (French) and three Under Secretaries-General (German, Italian and Japanese), who have charge respectively of Internal Administration and, as directors, of the Section of International Bureaus and Intellectual Cooperation, and of the Political Section. Included in the General Organization are the Information Section and its Liaison Offices in Paris, Rome, Budapest, The Hague, Tokyo and Turkey,

[1] *Official Journal*, VIII, p. 1449.

the Legal Section (which acts as counsel to all League organs and deals with all matters concerning the registration of treaties), and the Treasurer's Office.

The Special Organizations of the League are served by the following Sections of the Secretariat: Administrative Commissions and Minorities Questions, Economic and Financial, Mandates, Transit, Health, Social Questions and Opium Traffic, Disarmament, Intellectual Cooperation.

The Internal Administrative Services comprise the Personnel Office, Précis-Writing Department, Printing and Publications Department, Drafting Committee, Interpreters and Translators, Library, Registry and Indexing of Publications Service, Internal Control Office, Internal Services, Stationery, Supplies and General Contracts, Stenographers' Branch, Distribution of Documents, Miscellaneous Services and House Staff.

The complete Staff List is published annually in No. 1 of the *Official Journal.*

Increase of Work. The Council on December 10, 1926, requested the Secretary-General to submit a report on the existing conditions of work in the Secretariat. On June 14, the Council took note of a report in which the Secretary-General stated that "the work of the Secretariat in a material sense had increased continuously from its beginning in 1919 up to the present time. This increase had shown a tendency to operate more rapidly during the last 18 months than in the earlier periods."[1] This growth in the work of the Secretariat is illustrated by tables annexed to the report, bearing on (1) the number of days of meeting of the Council, the Assembly, conferences, committees and subcommittees (in 1926 there were 93 committee meetings with a total of 557 days of session as compared with 8 meetings and 124 days of session in 1920); (2) the number of documents filed in the Secretariat registry (58,436 in 1926 compared with 5,653 in 1919); (3) the number of postal dispatches (258,474 in 1926 compared with 237,586 in 1925); (4) the work of

[1] *Official Journal*, VIII, p. 822.

the Duplicating Service (89,348 stencils and 12,348,306 copies in 1926 compared with 55,410 stencils and 7,729,449 copies in 1923). Other figures show the increase in the work of the various Sections, in the number of publications, press communiqués, treaties registered, etc. The staff of the Secretariat, which numbered 183 in 1920, then comprised 467 officials. The increase of expenditure from 1921 to 1926 was small in proportion to the development of the work, being about 3%.

Administrative Tribunal. By the Covenant, the Secretariat comprises "a Secretary-General and such secretaries and staff as may be required." The secretaries and staff are appointed by the Secretary-General with the approval of the Council. Determination of the terms and condition of employment in the Secretariat have given rise to a minimum of difficulty, and in only a single instance has the question of an individual contract come before the Council. The Supervisory Commission had its attention directed in 1925 to the fact that officials of the League were unable to enforce the terms of their employment by any form of legal procedure. On the recommendation of its Fourth Committee, the Seventh Assembly approved a project to set up an administrative tribunal in order to provide a forum for disputes arising from staff contracts, and particularly to remove that administrative detail from the shoulders of the chiefs of League organizations. The Eighth Assembly on September 26, 1927, adopted a statute establishing such an administrative tribunal to be in force until the Assembly of 1931. The tribunal consists of three judges and three deputy-judges, all of different nationalities, and their judgments, which are final and without appeal, are to be taken by a majority vote, with the reasons therefor stated. The tribunal is competent for any disputes concerning compensation under the Staff Regulations. The tribunal was organized as of January 1, 1928. The Council appointed its members on December 9.[1]

[1] *Official Journal*, IX, p. 172.

5. Budget

The budget for the tenth[1] financial period (1928) was voted by the Assembly in the gross sum of 25,333,817 Swiss francs ($4,888,244.69). This amount is allocated (in dollars) as follows:

I.	Secretariat and Special Organizations	$2,668,398.68
II.	International Labor Organization	1,535,613.39
III.	Permanent Court of International Justice	418,921.77
IV.	Buildings at Geneva	265,310.85
		$4,888,244.69

The budget voted is offset by surplus of the previous period, amounting to 873,626.25 francs. As a consequence, the budgetary amount to be allocated was fixed at 24,460,190.75 francs ($4,719,675.59). In addition there was a further effective reduction of the total.

Owing to new arrangements in the budget in 1926, it was decided to refund to Member states the Building Fund, which then existed, at the rate of 1,400,000 francs ($270,134.68) annually until distributed. As a consequence, the net amount of the 1928 budget to be contributed by Member states amounted to 23,060,190.75 Swiss francs ($4,449,540.91). Costa Rica, which ceased to be a Member of the League on January 1, 1927, was entitled to a refund.

There were also complications due to the fact that the Brazilian notice of withdrawal is presumably effective on June 11, 1928, and the Spanish notice on September 12, 1928. As a consequence, the budget for 1928 was allocated in 946 units, plus units proportional to the periods of membership during the year of Brazil and Spain. Brazil's unit basis for a full year was 29, the proportional part for the membership period being 13.07377. Spain's unit basis for a full year was 40, the proportional part for

[1] *Official Journal*, IX, No. 1.

the membership period being 27.75956. The 1928 budget is therefore allocated on the basis of 986.83333 units.

SCALE OF ALLOCATION OF THE EXPENSES OF THE LEAGUE FOR 1928

Country	Units	Country	Units
Abyssinia	2	Italy	60
Albania	1	Japan	60
Argentina	29	Latvia	3
Australia	27	Liberia	1
Austria	8	Lithuania	4
Belgium	18	Luxemburg	1
Bolivia	4	Netherlands	23
Brazil	13.07377	New Zealand	10
Bulgaria	5	Nicaragua	1
Canada	35	Norway	9
Chile	14	Panama	1
China	46	Paraguay	1
Colombia	6	Persia	5
Cuba	9	Peru	9
Czechoslovakia	29	Poland	32
Denmark	12	Portugal	6
Dominican Republic	1	Rumania	22
Estonia	3	Salvador	1
Finland	10	Serb-Croat-Slovene State	20
France	79	Siam	9
Germany	79	Spain	27.75956
Great Britain	105	South Africa (Union of)	15
Greece	7	Sweden	18
Guatemala	1	Switzerland	17
Haiti	1	Uruguay	7
Honduras	1	Venezuela	5
Hungary	8		
India	56		986.83333
Irish Free State	10		

The budget unit for 1928 on the amount voted, less surplus, was fixed at 24,811.11 Swiss francs ($4,787.39). The largest quota — 105 units — paid by Great Britain amounts to 2,605,166.98 francs ($502,675.67).[1]

Financial Increase. The Fourth Committee of the Assembly noted that the financial position of the League continued to be satisfactory. The payment of contribu-

[1] In addition the civil estimates of the London Government's budget included £64,300 in 1927 and £76,300 in 1928.

tions is being effected with greater regularity. Up to August 31, 68% of the contributions for 1927 had been paid.

The 1928 budget showed an increase of 821,194 francs over that of 1927. In its report to the Assembly, the Fourth Committee pointed out that this increase had not kept step with the new work intrusted to the League. Between 1922 and 1926, the budget had increased by 5% and the staff by 27%; during the same period, the number of documents translated into French increased by 89% and that of documents translated into English by 71%. During the same period, the documents passing through the Registry increased by 48%, and the number of days during which committees and subcommittees held meetings by 175%.

United States Payments. The American legation in Bern was authorized on January 6, 1928, to pay to the Secretariat of the League a total of $16,748.60 (the check was for 83,743 Swiss francs) as the American share of the League Secretariat expenses in connection with certain conferences in which the United States participated. Of the total amount, $5,475 was for the four sessions of the Preparatory Commission for the Disarmament Conference. The remainder met expenses for the Conference on Export and Import Prohibitions and Restrictions, and the Conference on Communications and Transit. The contribution was made at the suggestion of the United States Government on the basis of figures prepared by the Secretariat. The Department of State stated that "the American contribution is the same as the British, which is the largest sum hitherto paid by any country." From this it is to be concluded that the United States bases its payments upon the 105 units of the budget assigned to Great Britain. In addition to this payment, the United States Government buys documents from the League to the amount of $400 annually.

Previous payments of a similar character were made in the amount of $2,900 in 1925 as a result of participation

in the Second Opium Conference and of $2,700 in connection with participation in the Conference on Traffic in Arms, also held in 1925.

Supervisory Commission

The First Assembly examined the financial arrangements previously made by the Secretariat with great care, and on December 17, 1920, voted a recommendation that the Council "take the necessary steps to appoint, as soon as possible, a small committee of experts to consider all factors connected with the organization, method of work, efficiency, number, salaries and allowances of the staff, and with the general expenditure of the whole organization, as well as with all other points necessary to enable the Assembly to form a fair judgment in respect thereto, both as regards the Secretariat and the International Labor Office."

The Council invited a committee of five, headed by Georges Noblemaire, to carry out the function thus provided for. The committee began a preliminary investigation on April 18, 1921, and sat from April 26 to May 7, when it presented a report to the Council. This report was transmitted to the Second Assembly [1] which on October 5, 1921,[2] passed a recommendation that the committee be reappointed by the Council to continue its work and submit a further report. The Council on October 12, 1921, carried out this recommendation by appointing what was then called the Commission of Control. The name was subsequently retranslated as the Supervisory Commission.

The Supervisory Commission met as follows:

22. Geneva, February 16–17, 1927.
23. Geneva, April 27–30, 1927.
24. Paris, July 1–2, 1927.
25. Geneva, September 16–22, 1927.

[1] *Records of the Second Assembly. Meetings of the Committees*, II, p. 174.
[2] *Records of the Second Assembly. Plenary Meetings*, p. 595.

League Buildings

At a public meeting on May 5, the Jury of Architects appointed to examine designs for a League Assembly Hall and offices announced the results of its six weeks' study of 377 plans which had been submitted. After examining the plans from the point of view of site, traffic inside and outside the buildings, arrangement and form of premises, construction and harmonious and logical architectural development, the jury in its report stated that it had found an extraordinary wealth of ideas, but that a considerable proportion of the competitors had not adhered strictly enough to the material conditions of the rules. The jury unanimously decided not to recommend any one plan for execution. It distributed the sum of 165,000 Swiss francs in nine prizes of 12,000 francs, nine honorable mentions of 3,800 francs, and nine honorable mentions of 2,500 francs each.

The League Building Competition opened on July 23, 1926, and closed on January 25, 1927. It was open to architects from all states Members of the League, the Free City of Danzig and the Saar Territory. The site is on the northern shore of Lake Geneva and covers an area of 66,406 square meters. The buildings to be designed consisted of two principal parts, either separate and connected by galleries, or in a single building with lobbies and special exits. The cost of construction was fixed at not more than 13,500,000 Swiss francs, the architects' fees at 5%. In accordance with the rules of competition the designs were publicly exhibited.

The Eighth Assembly approved the increase of the building fund from 15,400,000 francs to 19,500,000 francs and empowered a committee composed of Messrs. Adatci, Osusky, Politis, Urrutia and Sir Edward Hilton Young "to study the nine plans awarded the equal prizes of 12,000 francs in the architects' competition, and to choose, with any changes that may be necessary, a plan which in its opinion complies most nearly with the practical

and æsthetic requirements. The decision of this committee will be submitted to the Council of the League of Nations for ratification, and will be communicated to the Assembly at the next session."

The committee met at Geneva from November 7 to 8 and from December 19 to 22, when it examined the nine designs in the light of conclusions contained in reports from the Secretariat and two specially appointed architects. It also studied a report from experts appointed by the Swiss Federal Government and the Canton of Geneva. The committee was unanimously of opinion that, under its terms of reference, it was obliged to choose one design, but could take into consideration features of other designs.

The committee concluded that the design which in its opinion most nearly satisfied practical and æsthetic requirements was that of H. P. Nénot and Julien Flegenheimer. It indicated disadvantages presented by this design. It decided that a new design should be prepared by the authors, in collaboration with Carlo Broggi, Giuseppe Vaccaro, Luigi Franzi, Camille Lefèvre and Giuseppe Vago and with the Secretariat of the League of Nations. They will be asked to prepare a new plan in order to give effect to the modifications suggested by the committee.

American Gift for Library. On September 9, the Secretary-General informed the Council that American citizens were prepared, should the League desire to accept outside funds for the purpose, to furnish up to $2,000,000 for the construction and endowment of a League Library which would provide full and adequate facilities for research work and for students.[1] No conditions were attached to the gift. It was assumed, however, that the income from the endowment would be added to such amounts as the Assembly might from year to year appropriate for the Library and that those amounts would not be discontinued or reduced on account of the gift.

The Council decided that the establishment of such a Library would be in the best interests of the League. It

[1] *Official Journal*, VIII, p. 1132.

would contribute to the efficiency of the work done under its auspices, particularly in the technical fields, and would be of the utmost value to students of international relations, who are already more and more coming to the seat of the League as a natural center for such studies. The Council decided unanimously to accept the gift in principle and to ask the Assembly, in view of its importance and permanent value, to confirm this acceptance.

On September 12, the Council's resolution was read to the Assembly by President Guani (Uruguay), who called on certain members of the Assembly who had expressed a desire to speak. M. Motta, as President of the Swiss Confederation, associated the Confederation and the Canton of Geneva with the expressions of gratitude which had been so clearly shown in the applause which greeted the announcement, and expressed the belief that the cooperation of American intellectual circles in the great work being done at Geneva constituted a guaranty both of peace and for the future development of the League. M. Osusky (Czechoslovakia), as chairman of the Supervisory Commission, felt that the gift and its purpose were in perfect agreement with the financial rules and general purposes of the League, and expressed his pleasure that citizens of America had given this tangible proof of their appreciation of the efforts made by the League. M. van Eysinga (Netherlands), as chairman of the Fourth (Budget) Committee, associated himself with these views, adding that since the Library at The Hague had been endowed by another American, Mr. Andrew Carnegie, he as a Dutchman was particularly sensible of the significance of the gift. The President of the Assembly then added a general expression of appreciation on behalf of the 47 states represented. He expressed the view that through this gift the seat of the League would become an international center of information almost unique in the world. The Assembly thereupon unanimously confirmed the Council's acceptance of the gift.

The donor was announced as John D. Rockefeller, Jr.,

who, through the work of the Rockefeller Foundation, was already well known to those associated with the League, especially in its humanitarian and social aspects. Shortly after, Mr. Rockefeller, in reply to a cable from the Secretary-General, wired:

> Happy to have opportunity to cooperate in so good a cause with a group unselfishly devoted to the promotion of better understanding among nations. Appreciate profoundly the action of Council, Assembly and Secretariat.

II. THE LEAGUE AND MEMBER STATES

The League of Nations is a medium for the Member states to attain agreement upon matters of common interest. One important object of the Covenant is the creation of a forum for the settlement of international disputes "which can not be satisfactorily settled by diplomacy."

By reason of the large number of matters of common interest which the Member states seek to deal with through the League, what may be called a League policy has developed in many states. This is based upon the fact that the constituent Covenant of the League ranks as a treaty engagement. The internal discussion of policy usually revolves around the question of what is the national duty in view of the engagements taken. One view is that national affairs should be conducted so far as possible on the former individualistic basis; the other is that as wide a use as possible should be made of the League machinery.

Several incidents during 1927 resulted from the existence of these points of view. They led to wide public discussion of the proper adjustment of a state's relations with other states as affected by their common agreements under the Covenant. At least one involved the question of the use of League machinery prior to the exhaustion of the methods of diplomacy.

The debate was carried into the Eighth Assembly, where some phases of the discussion were the subject of very frank speeches which attracted much attention. The facts of the principal incidents referred to are briefly recorded below as a preface to the remarks in the Assembly.

The Tirana Incident

A diplomatic incident at Tirana, Albania, in May created a press discussion which had its reflex on the Eighth Assembly. On May 27 an Albanian dragoman of

the Serb-Croat-Slovene legation was arrested on a charge of espionage. The Belgrad Government demanded his release on the ground that he was employed by the legation and was entitled to diplomatic immunity. The Albanian Government declined to release him, contending that he was an Albanian subject, did not appear on the diplomatic list and had never been reported to the Tirana Government as being employed by the Serb-Croat-Slovene legation. Belgrad precipitately broke off diplomatic relations with Tirana.

On June 6 the Albanian Government addressed a note to the Secretary-General, in which it related its view of the incident and, without making any specific request, added: "In informing you of the foregoing the Albanian Government is firmly convinced that it is discharging its task of conciliation and moderation." On June 12 a Serb-Croat-Slovene note gave its account of the facts, concluding as follows:

> In communicating this account of the facts to the Secretary-General the Royal Government requests him to be so good as to bring it to the notice of the Members of the Council of the League. It considers that Art. 12 of the Covenant does not apply to this case, and for this reason does not request the Council to examine it, as this case taken by itself does not warrant the application of Art. 12 of the Covenant. Nevertheless, if the Council considers that this incident, taken in conjunction with, and viewed in relation to, other circumstances, might be serious, the Royal Government holds itself at the disposal of the Council for the consideration and study of the problem as a whole, including this particular incident.

Both Governments requested that their notes be brought to the attention of the Members of the Council.

The assumed political alignment with respect to Adriatic affairs played a great part in the ensuing discussion. Various diplomatic *impasses* had recently taken place between Italy and the Serb-Croat-Slovene State. Italy was in alliance with Albania. The Serb-Croat-Slovene State was a member of the Little Entente, to which France was particularly friendly, while a *rapprochement* was

actively under way between France and the Serb-Croat-Slovene State. Franco-Italian relations had been affected in the popular mind by some administrative incidents and a more or less prolonged press campaign of "pin pricks." A discussion of the Albano-Serbian incident was conducted with these circumstances much to the fore.

Late in June, the Governments of France, Germany, Great Britain and Italy concerted in an identic note to both parties, which read: [1]

> The Government of ——— greatly regrets the difficulties which have arisen between Albania and the Serb-Croat-Slovene State as a result of an incident which does not seem to it to be of sufficient importance to provoke a difference between two neighboring states. It is very desirous to see this incident solved as promptly as possible in a true spirit of conciliation. An honorable solution for both parties might, in its opinion, be found in a simultaneous action by which the Government of His Majesty the King of Serb-Croat-Slovenia should modify the note of the chargé d'affaires of Jugo-Slavia, dated May 30, substituting therefor another which would not contain the expressions considered as offensive by the Government of the Republic of Albania, at the same time as the action of the Albanian Republic would set M. D'Jurashkovich at liberty.
>
> The Government of ——— would be happy to learn that this equitable solution which it declares to have been suggested in full agreement with the Governments of [France, Germany, Great Britain, Italy], is accepted by the Government of the Albanian Republic [Serb-Croat-Slovene State].

This *démarche* settled the difference.

The states making it were, however, criticized by the nationals of both parties and elsewhere for having acted as mediators without making use of the machinery of the League. The debate in France resulted in the resignation on July 24 from the French delegation to the Assembly of Henry de Jouvenel. M. de Jouvenel had been a member of the delegation for several years, but asked the minister of foreign affairs, M. Briand, to count him out in 1927. In resigning he said: [2]

[1] *Le Temps*, June 25, 1927, p. 1.

[2] *Le Temps*, August 11, 1927, p. 1, 6.

In these last years I have represented the French Government in the political committee. My presence there required and would still require my almost absolute agreement with the foreign policy of the Government, and especially with its policy regarding the League of Nations. I have this year in various articles [M. de Jouvenel is editor of *Le Matin*] expressed regret both at not seeing France submit to the League of Nations the international difficulties which, in my opinion, can only be solved by it, and at seeing it on the other hand lend itself to a policy of adjournment which accumulates difficulties for the future. In case any foreign delegate should express in the Assembly views agreeing with mine, I should see myself obliged either to contradict the Government or myself.

The Cecil Resignation

On the initiative of the United States Government, a Conference for the Limitation of Naval Armament was held at Geneva June 20 to August 4 between the United States, Great Britain and Japan. France and Italy had declined to become parties to the conference, though they sent observers. This conference was variously interpreted as an attempt to forward the general disarmament program of the League and to accomplish results outside of the League machinery on the basis of its preparation of the field. The conference ended without agreement and exhibited an important difference in point of view of the American and British naval delegates. In the course of the conference, an adjournment took place, and the First Lord of the Admiralty, W. C. Bridgeman, and Viscount Cecil of Chelwood went to London in an effort to secure an agreement with the British Cabinet.

When the conference ended without agreement, it came to public notice that Viscount Cecil, the member of the Cabinet who had represented the British Government in practically all the armament discussions at Geneva, was highly dissatisfied with its policy. On August 29 he sent a letter to the Premier in which he resigned from the Cabinet, and as a consequence his representation of the British Government in the League of Nations ceased. In this letter of resignation he said: "I can not conceal from myself that, on the broad policy of disarmament, the

majority of the Cabinet and I are not really agreed." Being "convinced that no considerable limitation of armaments can be obtained except by international agreement," he was of the opinion that "the chief energies of the Government ought to be concentrated on the attainment of such an agreement. I do not say that it should be bought at any price, but I do say that it is of greater value than any other political object." Referring to his instructions with respect to the Preparatory Commission, he said that he was over and over again compelled to maintain policies which were difficult to reconcile with any serious desire for the success of its labors. Considering that he could be of no further service to this cause in the Cabinet, he stated that, "outside there is much to be done. The hope of the future is in an aroused and instructed public opinion."

Private Council Conversations

The feature of the Assembly debate on the work of the Council was a series of speeches called forth by the delegate of Norway. The increasing extent during the previous year to which the presence of foreign ministers at Geneva as representatives on the Council had afforded them opportunity to discuss their bilateral relations in private interviews had drawn public attention to the meetings of the Council for that reason as much as on account of the Council's agenda. Moreover, the tendency of states to refer to the Council questions involving important interests had encouraged private meetings between the parties concerned for the canvassing of the political situations involved. These conferences of the members of the various delegations were held outside of regular Council sessions.

This tendency had been noted by the smaller Member states. In general, they felt that the large states represented on the Council must make their decisions there conform with the principles of the Covenant, and they raised the question whether private conversations might

not color the attitude of states sitting in the Council and perhaps result in decisions reflecting the special interests of the states represented rather than the common interests provided for in the Covenant. It was with these considerations in mind that M. Hambro of the Norwegian delegation addressed the Assembly on September 8. He said in part:

> There is another point of still greater importance. . . . It is a question which is a cause of keen anxiety to every small state. An impression has been abroad during these last two years that there is within the Council a supreme Council, which meets at the same time as the Council but in private, to discuss the problems with which the Council itself is to deal later. It has even been said that regular agendas have been prepared for such meetings, and that in this way questions have been decided before they were submitted for consideration to the Council as a whole.
>
> As mentioned by the Swedish delegation, no one would dream of reproaching statesmen with deliberating in private on problems directly interesting their own country, even if those matters concerned the League of Nations. But if this tendency should become accentuated, the League of Nations and its executive organ, the Council, would be exposed to the danger of losing control of affairs and would see themselves deprived of the possibility of accomplishing their high mission as safeguards of peace.
>
> Nothing has more strongly emphasized the importance of the League and its Council than the fact that three great powers have sent their ministers for foreign affairs to the meetings of the Council and those of the Assembly. It is not unessential to remember, however, that they come to Geneva not only, or even mainly, because they are foreign ministers but also because they are members of the Council and under an obligation to the League.
>
> One of the soundest principles of the Covenant is that an interested state is present as a Member of the Council when its affairs are being discussed, and every nonpermanent Member has been justified in watching with jealousy the half private deliberations at Geneva.
>
> It has been one of the main objects of these annual meetings to create a world opinion. That opinion has been created. Let us be careful not to provoke it against ourselves. I do not think that the distinguished members of the Council have quite realized the impression that has been created by this procedure of secrecy, and perhaps I may be allowed to mention one small fact that may have some importance in this connection — a fact that has been commented upon freely in my country when our Parliament has discussed the work of the League. I refer to the strength of the diplomatic element at Geneva. Out of

120 delegates in 1924, 48 were active diplomats: in 1925, 50; in 1926, 54, out of 124; and the element represented by active politicians and statesmen has not been so strong as in the first Assemblies.

Indispensable as it is to have a strong diplomatic element, there still may be a feeling that the traditions of the diplomatic career are not in favor of publicity and openness, and even in the Council the diplomatic element is very strong. Of course, it is difficult for oversea nations to send their leading statesmen to Geneva four times a year, but I think that Brazil set a fine example when the Government at Rio appointed a distinguished gentleman as a special representative to Geneva. Other nations have sent active diplomats to the Council. Without in any way detracting from their merits, we can not but feel that it would perhaps give greater political weight to the deliberations of the Council if its members were not too closely tied to the diplomatic centers of the great powers.

When venturing upon these critical remarks, I have had before me an example of what can be accomplished by the Council working in full publicity. One of the most difficult questions settled by the Council this year was the Saar problem. It was successfully debated in public, and, thanks to the wisdom and the moderation of M. Briand and Dr. Stresemann and every other member of the Council, a result was achieved which was not only to the credit of the Council but which inaugurated a new tradition in world politics. I think we were all proud of our Council on the Saar Day. It has provided a standard. It is for the Council to live up to it. . . .

In a notable article in *Le Journal de Genève* the other day, it was said that the debate on the annual report was tending to become more and more only an exchange of complimentary banalities. I trust that the debate this year will not fall under that epitaph. But there is one thing that tends to diminish the general interest in this debate. We put questions that are not answered. We discuss the work of the Council, but the Council itself keeps silent. We cry into a gray void, but the leading Members stand aloof, observing an attitude which is rather disappointing for those who come here eager, sympathetic, with the greatest belief in the foresight, broad-mindedness, and wisdom of the first statesmen of the age. With great respect we request them to answer our questions, to enlighten our obscurity, to speak those words of hope or of warning which we are all longing to hear.

In the opinion of my country it is important to strengthen the influence of the Assembly as the supreme organ of the League, and it would certainly emphasize the importance of the Assembly if problems were openly discussed and not only brought forward.

Argument For Direct Parleys. Nicolas Politis (Greece) immediately presented a different view. In the course of an eloquent speech, he said:

I can not really credit the charge that the League has declined to deal with serious international questions of outstanding importance to world peace, or that certain states have tried to remove from the competence of the Council political problems of prime importance with which it undoubtedly ought to deal.

This charge might be justified if states interested in a dispute had been hindered or thwarted in their desire to have the matter dealt with by the Council in full accordance with the terms of the Covenant. It might be justified if the powers which have the greatest influence over the League's destiny had preferred to settle their private differences by direct negotiations among themselves when the cause of peace would have been better served had the matter been brought before the Council.

I do not know of any instance of either kind, and I therefore consider the charge unfounded. . . .

It seems to me none the less true, however, that the charges made are always based on mistaken conceptions of the part the League has to play and its present possibilities of action. It seems to me that they are falling into the error commonly made by keen lawyers when they regret that law is sometimes sacrificed by individual agreements when it might triumph if the case were settled in court. They forget the wisdom of that well-known maxim, true of all countries and all times, that a settlement out of court is far better than the soundest verdict.

That is true in private matters, and still more true in international relations. The cause of peace has nothing to gain by making every international dispute and difficulty the subject of a public debate, conducted with all the ceremony of the League's procedure. If the countries concerned can come to an understanding between themselves by way of reciprocal concessions, I am sure it would be folly to complain. I think we should rather be glad of it and congratulate ourselves that recourse to the Council, even when desired by one of the parties concerned, is not always in the interest of peace. . . .

Recourse to the Council should be regarded as the extreme remedy, to be applied in cases where ordinary diplomatic action has failed. Indeed, even when ordinary diplomatic action is not immediately successful it is not always wise or in the best interests of peace to hurry the dispute before the Council. This should be done only when it is quite certain that the Council can really find a satisfactory solution. If there is any doubt at all in the matter it would be far better for the cause of peace that the question should be left temporarily in abeyance in the hope that time would bring the parties to a more conciliatory frame of mind.

Such, I submit, is the part the League should play, and such are the reasons why, in my opinion, those who complain that the League does not intervene on all occasions are taking too pessimistic a view, especially when they blame countries having heavy responsibilities for en-

deavoring at the outset to settle their disputes by mutual agreement before applying to the Council.

. . . I think, however, that there is yet another reason which requires to be pointed out, and that is that the nature and extent of the League's powers are much overstated.

There is a tendency to forget that the League is not a super-state or a power capable of imposing its will on others; it is simply a free association for cooperative action among individual nations for the development and organization of international life, of which the Covenant laid the foundation.

For the most part the League has no power, no light of its own; its light is mainly a reflection of that of its individual Members. Sometimes this light shines full upon the League, but at other times there falls upon it the shadow of chance obstacles which arise between it and the source of light.

In a word, the League, like every other human society or institution, is and can only be what its Members make it. They provide the driving force and guide the League on its way.

Those who are impatient because the League falls short of their ideals should blame not the League itself but the nations which are not yet sufficiently advanced to demand from it greater activity and power; when they are, these will not be refused them.

Let us not forget that the League's activities are conditioned by the international environment wherein it is placed. It is the environment in which the League acts that determines how it shall go along the path to peace.

The French View. On September 10 Aristide Briand, French foreign minister, one of those who was criticized, made a notable address and dealt with the outside conversations in several trenchant passages:

The impression prevailed at one point that there were so-called great powers here, powers whose representatives might conceive the idea — as the result of continual mysterious contacts — of drawing up schemes and forcing them on the Assembly. I admit I have established such contacts; I have established them in what is called an atmosphere of mystery — though I do not know exactly what that means. They were established in a council chamber which was necessarily smaller than this, because there were fewer of us. But I can assure you that not once did the thought occur to us to dissociate ourselves from the policy of universality adopted by the League to which we all belonged. Our efforts, on the contrary, were consistently devoted to eliminating the difficulties which beset its path. It is only fair, moreover, to say that we have been asked to do this. . . .

We succeeded; we returned to the Assembly which had invited us to undertake this task, and we said: Here are our papers, here are our agreements, here are the precautions we have taken against war. We deposit them with you, and henceforth the duty of trusteeship devolves upon you. It is for you to back our signatures and see that we loyally fulfil the undertakings [of Locarno] to which we have subscribed.

I ask how this action can possibly harm an association such as ours. I think, on the contrary, that the League has every reason to rejoice. How can it blame us? Once before, you will remember, we found ourselves in a difficult position. We had to decide how Germany was to enter the League and be given the place which was her due. . . .

We appointed a fresh meeting with you. In the meantime, our Foreign Offices — oh, those Foreign Offices! — got to work. They exchanged telegrams. They tried to overcome the difficulties which had checked our course. They could not agree all at once. It took days, it took weeks and months; but one day we came back to you and — the thing was settled. . . .

Do you think that we who represent — we almost owe you an apology for it — what are called the great powers — do you think that if we had not felt around us the affection and the anxiety of what are called the smaller powers, the "medium" powers — I must confess that I have not yet found an instrument to measure their dimensions when international work has to be done — if we had not felt around us that atmosphere of universal brotherhood; if we had not felt that we were working not only for ourselves but for all the peoples of the earth, do you think we should have found courage to persist in our endeavor? The secret of our success lay perhaps in that inward conviction.

There are here, I agree, quite a number of diplomats. There really are a lot of them! I am told that there are a score of foreign ministers. Such persons obviously can not remain unacquainted with one another: they naturally gravitate toward each other. They think that a talk together may perhaps do more to settle a difficulty than the exchange of a whole sheaf of telegrams. And so they talk and settle their affairs in the united interests of the whole world.

Does it really do the League any harm, the mere fact that its deliberations take this form, or that it is used as a meeting-ground for busy statesmen who can not always live beside a lake, far from the worries of home politics which go on at home despite their absence and perhaps even thrive the more for it? Is not the fact that they come here to share in our debates for days and weeks, is not this a tribute to the greatness of our institution?

The British View. Finally, Sir Austen Chamberlain, the British foreign secretary, whose meetings with his colleagues had been perhaps the chief cause of the com-

plaints, made a general speech respecting his Government's policy in which he included these remarks:

[The first delegate of Norway] found fault with the Council; he did not spare the Assembly, whose underhand ways he held up to condemnation. He even thought it necessary to criticize the composition of other delegations, and to regret the presence of so many diplomats in this Assembly.

I can not, I fear, express my agreement with this criticism. The League owes too much to the diplomats who have sat and who still sit among us for me to wish their number less than it is, and if I mention to you (not the names of any here present, for that would be invidious) the names of two of our recent colleagues who, alas! have now left us, and for different reasons — if I mention Viscount Ishii and M. Quiñones de León, those two names speak for all that the diplomatic members of the Council and the Assembly have been able to contribute to our work. May I add that, if they bring into our discussions something of the suavity, something of the consideration of the point of view of others, which they practise in diplomacy, I think that our debates will lose nothing either in their force or virility.

A more serious criticism was offered by the first delegate of Norway. . . . I refer to the suggestion that, in the meetings of some of the representatives of great powers, there is some attempt to withdraw from the Council or the Assembly the decisions which properly belong to them and to them alone, and to substitute a kind of inner cabal for the Council of the League itself.

Why, may I ask in passing, are the representatives of the great powers and they alone to meet with this criticism? Are no other meetings held at Geneva except those in which Dr. Stresemann, M. Briand, M. Scialoja, M. Vandervelde and I take part? I have heard the rumors of the lobbies. I have read in the *Journal* [*de Genève*] that all other Members of the League may meet as they please and when they please, and it is thought natural and proper that they should do so. Why, then, to us alone is it to be refused to meet in friendly converse and to try to improve our mutual relations?

If you think that in those conferences we have been occupied in the main in discussing the work of the Council, you are mistaken. We have many affairs of our own with which we hope that we may never have to trouble the Council, because we can settle them among ourselves, and if on any rare occasion, among the subjects which we have had to discuss, has been one which concerned the agenda of the Council, I venture to say that the work which we have done, the conversations which we have held, instead of impeding, have facilitated the work which it still remains for the Council to do. I would remind you that, whatever we may decide among ourselves, nothing that we can do could, nothing that we can do should, limit in any way the free-

dom of every other Member of the Council to bring what subject he likes before that body, to press whatever solution he likes upon that body. Nothing that we may say or do, unless it commends itself to the whole body of the Council, can have any effect, except among ourselves.

I say so much upon this subject because, in the first place, I desire for myself and for the country which I represent, the good will and the confidence of this great gathering; and, in the second place, because anything which tends to sow distrust or dissent between the Council and the Assembly must be destructive of the influence of both and injurious to the vigor and usefulness of the League.

Panama Canal Zone Régime

On July 28, 1926, the Governments of the United States and Panama signed a convention for the settlement of certain points of difference arising out of the exercise by the United States of sovereign rights in the Canal Zone by virtue of the treaty of November 18, 1903. By Art. II of the latter treaty "the Republic of Panama grants to the United States in perpetuity the use, occupation and control of the zone of land and land under water for the construction, maintenance, operation, sanitation and protection of said canal of the width of ten miles." In view of the fact that the use of the Canal Zone is granted in perpetuity, the United States has tended to assume that its rights are those of a territorial sovereign. Panama, on the other hand, tends to assume that the American rights in the Canal Zone are to be interpreted as those of a lease.

Art. XI of the convention signed in 1926 provided as follows:

> The Republic of Panama agrees to cooperate in all possible ways with the United States in the protection and defense of the Panama Canal. Consequently the Republic of Panama will consider herself in a state of war in case of any war in which the United States should be a belligerent; and in order to render more effective the defense of the Canal, it will, if necessary in the opinion of the United States Government, turn over to the United States in all the territory of the Republic of Panama, during the period of actual or threatened hostilities, the control and operation of wireless and radio communication, aircraft, aviation centers, and aerial navigation.

The Congress of Panama did not approve the ratification of the convention owing to the implications of this provision. The incident was easily the most important event in the international life of Panama during the year. Therefore, Dr. Eusebio A. Morales, the first delegate of Panama to the Eighth Assembly, under instructions from his Government, addressed that body at its 11th Plenary Session, speaking in part as follows:

I consider that it would be well to introduce and maintain the practice of inviting the Members of the League to come here from time to time and explain, possibly without any definite intention of their discussion or settlement, circumstances and conditions which in any way influence their international life, so that all the Members of the League may thus obtain first-hand authoritative information upon all matters affecting the safety and the political life of each of the associated nations.

Panama desires to inaugurate this practice as a proof of her profound respect for the League, and as the best means of explaining certain facts which have been misrepresented in the press of various countries, in regard to the relations and links existing between Panama and the United States. That great country has vital interests in Panama. Under a treaty concluded by the two countries in 1903, the United States have undertaken at their own expense the most remarkable piece of engineering of modern times, the canal which provides a through passage from the Atlantic to the Pacific Ocean in seven hours. . . .

The complexity of the numerous matters dealt with in the treaty of 1903 has led to conflicting interpretations by the two countries since its ratification. The cause of the most essential and profound disagreement, that relating to trade in the Canal Zone, was settled by diplomatic means in 1904, when it was established in substance that the United States Government had the right to import into the Canal Zone, free of duty, all machinery and materials required for the construction, maintenance, operation, sanitation and protection of the Canal, and all necessary articles for the employees and workmen and their families. Other residents in the Canal Zone may not import goods without paying duty to the Republic of Panama.

After this agreement had been in force for 20 years, the United States Congress authorized the President to abrogate it, and, although Panama pointed out that it could not be abrogated without its consent, as no definite or contingent date had been fixed for the termination of the convention between the two countries, it was nevertheless abrogated, the United States Government declaring that its object was to conclude a new convention on a more permanent basis than the old one.

This new convention was negotiated in Washington by joint commissions appointed by the two Governments, and, after discussions lasting more than two years, a treaty was finally concluded on July 28, 1926.

During the discussion of this convention, Panama enjoyed full liberty of action, and, despite the fact that the negotiations took place between one of the most powerful and one of the weakest countries in the world, there was not the slightest tendency to impose onerous or humiliating conditions upon Panama. On the contrary, these negotiations were marked throughout by a spirit of mutual consideration and respect, a fact which, in itself, is deserving of mention.

The treaty naturally contains a number of concessions made by each of the parties in return for certain advantages obtained from or certain sacrifices made by the other, and for this very reason it can be regarded impartially by those who study it as a whole, whereas it is looked upon with disfavor by persons who see only the disadvantages or sacrifices, and are anxious to magnify and condemn them.

There is, however, a serious question in regard to which no compromise is possible between the two Governments, because it can not be settled unless one of the parties changes its view wholly and completely and adopts the other's view.

The United States maintain that Panama has transferred to them its right of sovereignty over the Canal Zone, while Panama maintains that it has only granted them such rights and authority as they would possess if they were, in fact, the sovereign power, for the specific purpose of constructing, maintaining, operating, sanitating and protecting the Canal.

Panama takes the view that sovereignty does not consist of one right only but of many rights, and that accordingly it was within its power to grant the United States the right to administer justice, to maintain order, to sanitate and protect the Canal Zone, but neither in intention nor in fact did it grant them the whole of its sovereign rights. Sovereignty is too essential and important a thing to be transferred by implication. Although it may be argued that the sovereign rights retained by Panama over the Canal Zone are but a shadow, they are yet substantial enough to prevent the United States from having a legitimate claim or title to transfer the Canal Zone or the Canal itself to any other country, and this is sufficient to justify Panama in its view.

This essential divergency in the interpretation of the treaty of 1903 has not been settled in the treaty of 1926, but, as the latter has not yet been ratified by the Legislature of Panama and the Panama Government hopes by further negotiations to effect a change and to obtain decisions favorable to Panama, it would not be surprising if the United States Government, whose friendship for Panama has always been sincere and cordial, should finally accept the latter's interpretation, which in no wise prejudices the vast interests which form a perpetual bond between that country and ours. If this is not the case, however,

the two nations would still have the resource of submitting this and any other dispute to an impartial Court of Justice for its decision, trusting that a correct and equitable interpretation would be given for all time.

The United States has always been a just country, a lover of peace and an enthusiastic supporter of international arbitration. It is unthinkable, therefore, that in a dispute with a small, weak country it should refuse to submit to impartial judges a matter arising out of the interpretation of a treaty, and still more unthinkable that it should attempt to impose its own interpretation by some extrajudicial means.

I have given you the above details in order to explain the origin of the treaty signed at Washington last year, and in reply to the criticism that this treaty violates the Covenant of the League of Nations.

By Art. 11 of the treaty, Panama agrees to cooperate, by all possible means, with the United States in protecting and defending the Panama Canal, for which purpose it agrees to regard itself as at war in any conflict in which the United States are involved as belligerents.

As Panama sees it, this clause can have no other meaning than that, under its terms, it offers its assistance for the defense of a part of its own territory in which another country possesses vital interests. Panama maintains that it has not renounced or transferred to the United States the whole of its sovereign rights over the Canal Zone, and that, consequently, if the Panama Canal were attacked by any other country, it is the right and duty of Panama to defend it. This is a purely defensive provision to meet the eventuality of an attack on the Panama Canal involving the United States as a belligerent — an eventuality which we hope will never occur. It does not refer to a conflict involving Panama as one of the principal parties, in which case the Covenant of the League provides, in Arts. 12 and 13, as amended in 1921, the procedure to be followed for the settlement of the dispute before a final resort to war. On the contrary, it relates to the defense by Panama of its territory in the event of a war arising out of a dispute in which it is not directly involved.

Panama maintains, therefore, that, even if the treaty in regard to which negotiations are still proceeding at Washington should be finally approved and ratified, with the inclusion of the clause relating to her cooperation in the defense of the Canal, that treaty would not constitute any violation of the engagements she has contracted under the Covenant. In that event, however, the matter will be considered when the treaty is registered with the Secretariat of the League.

The United States have been accused of forcing Panama to accept this clause, but my Government solemnly declares this allegation to be false. The essential part of the clause was proposed by the Panama Government as a proof of solidarity with the United States in regard to the defense of the Canal and of its own territory, and was accepted by them in a magnanimous spirit and with a clear comprehension of the intention underlying Panama's proposal.

Such is the explanation which my Government desires to give to the Assembly of the League of Nations, in order to define its attitude to the League and to serve as an authoritative statement regarding the development of its special relations with the United States.

British Parliamentary Vote

Almost the first and easily the most interesting Parliamentary debate upon a state's attitude assumed at Geneva and the policy of a government toward the League took place in the British House of Commons on November 24, 1927. The resignation of Viscount Cecil of Chelwood from the cabinet had a few days previously been the subject of a debate begun by his own statement in the House of Lords. On November 24, former Premier Ramsay MacDonald, "leader of his Majesty's opposition," moved:

> That this House deplores the lack of preparation by the Government and the military character of the British delegation which seriously contributed to the failure of the recent Naval Conference at Geneva, the slow progress made by the League of Nations Preparatory Commission for the Disarmament Conference, and the refusal of the Government to accept the principle of arbitration and promote a scheme of international security guaranteed by the League of Nations.

A very extensive and vigorous debate ensued, punctuated for a few minutes by the total extinguishment of the electric lights, and calling forth an amendment to the motion of an opposite tenor made by Mr. Duff Cooper on behalf of the Government. On division, the MacDonald motion was defeated, 105 for, 316 against, a Government majority of 211. The Duff Cooper motion was then approved by a majority of 222, as follows:

> That this House, recognizing that the efforts of his Majesty's Government have been constantly directed to the maintenance of peace, the reduction of armaments and the advancement of the authority of the League of Nations, and remaining opposed to the assumption by this country of the extended and dangerous obligations embedded in the Protocol of 1924, approves the policy pursued by his Majesty's Government.

III. ECONOMICS AND FINANCE

1. The International Economic Conference

The International Economic Conference summoned by the Council sat at Geneva from May 4 to 23, 1927, with Georges Theunis, former prime minister of Belgium, in the chair. The conference was attended by 190 delegates and 157 experts from 50 countries: Abyssinia, South Africa, Albania, Australia, Austria, Belgium, Brazil, British Empire, Bulgaria, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Danzig, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Guatemala, Hungary, India, Irish Free State, Italy, Japan, Latvia, Luxemburg, Netherlands, New Zealand, Nicaragua, Norway, Paraguay, Persia, Poland, Portugal, Rumania, Salvador, Serb-Croat-Slovene State, Siam, Sweden, Switzerland, Turkey, Union of the Socialist Soviet Republics, United States, Uruguay and Venezuela. It was also attended by observers from Mexico; by representatives of the Chambers of Commerce and other international organizations appointed by the Council, and by experts invited by the president of the conference.

American Delegation. The United States Secretary of State appointed the following delegation:

Henry M. Robinson, president of the First National Bank, Los Angeles, and member of the Dawes Committee;

Norman H. Davis, formerly Assistant Secretary of Treasury and Under-Secretary of State;

John W. O'Leary, president of the United States Chamber of Commerce;

Alonzo E. Taylor, director of Food Research Institute, Stanford University;

Julius Klein, director, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce;

Experts:

Dr. Arthur N. Young, economic adviser to the Department of State;

Dr. E. Dana Durand, chief of the Research Division, Department of Commerce;

Grosvenor M. Jones, chief of the Finance and Investment Division, Department of Commerce;
Dr. Louis Domeratzky, chief of the Regional Division, Department of Commerce;
E. W. Camp, acting Commissioner of Customs, Treasury Department;
Asher C. Hobson, permanent American delegate to the International Institute of Agriculture at Rome;
Dr. Percy W. Bidwell, an economist of the United States Tariff Commission;
Henry Chalmers, chief of the Division of Foreign Tariffs, Department of Commerce;
John P. Frey, American Federation of Labor;

Secretary:

Somerville Pinkney Tuck, consul of the United States at Geneva.

Roland W. Boyden was one of the delegates of the International Chamber of Commerce and Basil Miles, American administrative commissioner to the International Chamber of Commerce, was one of the experts of its delegation.

Organization of Conference. The delegates, selected by their Governments on the basis of technical and personal qualifications, were not spokesmen of any official policy, and their personal responsibility alone was engaged. They included industrialists, merchants, bankers, economists, agriculturists, officials with experience of commercial policy, representatives of workers' and consumers' organizations and cooperative societies and three women specialists in economic matters, appointed by the Council after consulting the appropriate international women's organizations.

Over a year had been spent in preparing for the conference by a committee including 35 experts from 21 countries and appointed on the same basis as the members of the conference. This Preparatory Committee collected and published in 60 memoranda an enormous amount of material, compiled with the aid of official and private organizations throughout the world and covering an extremely wide range of subjects.[1]

[1] The documentation is on sale by World Peace Foundation (catalog furnished); see also this Series, Vol. X, No. 4, for work of Preparatory Committee.

The main object of the conference as recommended by the Assembly was to bring about a general exchange of views on existing economic difficulties and the means of overcoming them — to evoke collective opinion on the conditions, principles and guaranties which might serve as a starting point for the improvements and progress necessary to restore greater freedom to international commerce. As the Preparatory Committee had pointed out in its report, the conference was to be regarded as a stage in the continuous work of collaboration in the economic sphere which had begun before the project of a general conference was launched, and would continue when the conference itself was over.

The general discussion of the economic tendencies capable of affecting the peace of the world and a general survey of the principal features and problems of the international economic position lasted from May 4 to 7 and included statements by 36 Government representatives and eight representatives of international organizations. The second part of the program contemplated discussion under three main heads — commerce, industry and agriculture. To this end, the conference divided its work among three commissions, presided over by H. Colijn (Netherlands), F. Hodáč (Czechoslovakia) and Otto Frangesch (Serb-Croat-Slovene State).

Henry M. Robinson of the United States delegation was one of the vice-presidents. Roland W. Boyden, representing the International Chamber of Commerce, was vice chairman of the Commerce Commission, and Norman H. Davis its rapporteur.

The commissions began work on May 9 and after a general discussion on the problems referred to them, broke up into subcommissions. The first commission (commerce) divided its work among three subcommissions dealing respectively with liberty of trading, customs tariffs and commercial treaties, and indirect methods of protecting national commerce and shipping. The third commission (agriculture) instituted subcommissions on

general questions, cooperation and agricultural credits. The second commission (industry) continued in plenary session. After a fortnight's discussion, the commissions submitted reports which were revised by a Coordination Committee presided over by M. Theunis and submitted to the conference with an introduction on the economic position and general resolutions which were unanimously adopted. The Soviet delegation made reservations with regard to several points and adhered only to certain resolutions. The Turkish delegation abstained from voting.

ACCEPTANCE OF THE RESULTS

The Final Report of the Conference is textually available in separate form [1] and should be read as a whole in order to comprehend the new orientation which the gathering has given to the world's economy. Though its conclusions were those of experience rather than of governmental authority, their clearness, logic and practical value gave them a high standing without delay. The Assembly in a resolution on September 20

> Believes . . . that there is every reason to hope for universal approval when the public opinion of all countries has been sufficiently instructed;
>
> Recommends the resolutions of the conference . . . to the favorable consideration of all Governments, and trusts that those Governments which have not yet declared their support will shortly be able to do so;
>
> Trusts that the economic policies of all countries may develop in accordance with the principles laid down by the conference and desires that the Economic Organization of the League should take these recommendations as the basis of its work.

The Council on June 16 had taken similar action and had begun to prepare for the execution of the recommendations and resolutions of the conference. The discussion by representatives on the Council was very commendatory.[2]

[1] Document C. E. I. 44 (1).

[2] *Official Journal*, VIII, p. 782.

The Assembly, following the lead of the Council, invited "the Economic Organization of the League of Nations to prepare as soon as possible a summary of the replies of the various Governments as to their attitude to the recommendations of the International Economic Conference, and to make known the action that the various Governments have taken or may take in pursuance of the recommendations of the Economic Conference."

Pronouncements accepting in whole or in part, or approving generally, the Final Report, and its important recommendations, which were commended "to the favorable consideration of all Governments" by the Council on June 16,[1] have been made on behalf of the Governments of:[2]

Australia
Austria
Belgium
British Empire
Bulgaria
Canada
Chile
Cuba
Czechoslovakia
Denmark
Estonia
Finland
France
Germany
Hungary
India
Italy
Japan
Netherlands
Norway
Persia
Poland
Portugal
Rumania
Serb-Croat-Slovene State
Sweden
Switzerland
Union of Socialist Soviet Republics
Uruguay

CONCLUSIONS OF CONFERENCE

The Final Report of the conference in an introductory analysis shows that, whereas in 1925 the world's population was about 5% greater than in 1913, production of foodstuffs [3] and of raw materials was from 16 to 18% greater. In other words, production and consumption, both in total and per head of the world's population, are greater than before the war.

[1] *Official Journal*, VIII, p. 790, 974, 1579.

[2] *Official Declarations concerning the Recommendations of the International Economic Conference*, C. E. I. 45 (1). 1928. II. 4.

[3] Excluding China.

This increased production of food and raw materials [1] has, however, not been accompanied by a corresponding increase of international commerce, for the volume of trade in 1925 was only 5% higher than before the war.

But these statistics do not represent the position of each continent. The production of Europe, whose population has increased by 1%, was in 1925 about 5% greater than in 1913, an increase materially slower than in prewar years, while its international trade was only 89% of the prewar volume. It would be a mistake to assume that the economic condition of Europe could be so seriously disorganized without affecting that of the rest of the world.

Depression is concentrated in certain main trades, some of which were artificially expanded to meet war needs. Disorganization of public finance, unstable currency and shortage of capital have created serious difficulties. The resumption of normal international commerce is progressing. A heavy annual charge for war debts and the international economic significance of external obligations are postwar heritages. The change in the world situation due to the increase of manufacturing facilities in countries formerly only producing raw materials is deemed significant, while economic nationalism in Europe has still further added to the general problem.

General. The conference voted the following general resolutions:

(*a*) *Economic Tendencies affecting the Peace of the World* [2]

The conference:

Recognizing that the maintenance of world peace depends largely upon the principles on which the economic policies of nations are framed and executed:

Recommends that the Governments and peoples of the countries here represented should together give continuous attention to this

[1] The production of finished commodities must have increased faster than these figures, since technical progress largely consists of the more complete and more economical use of raw material.

[2] The Soviet delegation voted for the resolution. At the 11th Plenary Meeting the following declaration was made:

"The Soviet delegation could not approve the proposals mentioning the various organizations of the League of Nations to be called upon to execute certain of the

aspect of the economic problem, and looks forward to the establishment of recognized principles designed to eliminate those economic difficulties which cause friction and misunderstanding in a world which has everything to gain from peaceful and harmonious progress.

(*b*) *Education and Publicity* [1]

The conference recognizes that the reception and successful application of the principles stated in the resolutions of the conference depend, not only upon the good will of Governments and administrations, but upon an informed and supporting public opinion throughout the world, and for this purpose would welcome, in the economic as in other fields, the development of closer international cooperation by scientific and educational institutions, as well as the help of the press and other agencies of importance, for the information and enlightenment of the public.

(*c*) *Armament Expenditure* [1]

Whereas the world as a whole devotes considerable sums to armaments and to preparations for war, which reduce the savings available for the development of industry, commerce and agriculture, are a heavy burden upon the finances of the different states, entailing heavy taxation which reacts upon their whole economic life and lowers their standard of living,

The conference:

Expresses the earnest hope that all efforts to effect, by agreements between states, limitation and reduction of armaments, and particularly those under the auspices of the League of Nations, will have successful results and thus alleviate the burdens described above.

(*d*) *Pacific Commercial Cooperation of All Nations: Application of Resolutions to the U. S. S. R.*[1]

The conference:

Recognizing the importance of a renewal of world trade;

Refraining absolutely from infringing upon political questions;

Regards the participation of members of all the countries present, irrespective of differences in their economic systems, as a happy augury for a pacific commercial cooperation of all nations.

measures suggested. The reason for this was that the U. S. S. R. was not a Member of the League of Nations and had no intention of becoming one. In the view of the Soviet delegation, the League of Nations was not an instrument of peace. The League of Nations, in its present form, was an instrument serving the interests of the dominating empires of the world, and often acting as a shield whereby it covered the acts of violence committed by them against feebler states.

"The U. S. S. R. reserved the right, therefore, to find other means of coordinating with other states the measures to be taken to put into effect the resolutions of the conference which they could accept."

[1] See note 2 on page 41 [201].

It is, of course, understood that, the members of the U. S. S. R. having declared that they are in favor of the resolutions in the annexed list,[1] the remaining resolutions of the conference will not be regarded as having effect as regards the U. S. S. R.

PROCEEDINGS

The general survey, the report of the Conference, including the resolutions on liberty of trading, customs tariffs, commercial policy and treaties, protection of trade, the industrial situation and agriculture, as well as the verbatim record of the proceedings, have been published under the title of "Report and Proceedings of the World Economic Conference, held at Geneva, May 4th to 23rd, 1927." (C. 356. M. 129. 1927. II. 52.)

2. Conference on Import and Export Prohibitions and Restrictions

The study of this question was begun by the Economic Committee as a result of a resolution passed by the Fifth Assembly on September 25, 1924, and culminated in a diplomatic conference held at Geneva, October 17–November 8, 1927. A preliminary inquiry brought together material from 28 Governments as a basis for a preliminary draft agreement, on which 36 Governments and three international organizations made observations and criticisms. The draft agreement was laid before the International Economic Conference,[2] which made recommendations as to the application of the principles involved and stated that the draft convention "should be utilized to lead to a prompt general agreement permitting the greatest possible number of nations by their concerted and simultaneous action to bring about favorable conditions for the recovery and development of the production and trade of all countries."

[1] For list transmitted to the Secretariat by the members of the U. S. S. R. delegation, see *The World Economic Conference, Final Report.* League of Nations Document C. E. I. 44 (1), p. 49.

[2] *Abolition of Import and Export Prohibitions and Restrictions* (C. E. I. 22). League of Nations Document (1927. II. 13).

Representatives of 34 states attended the conference: Australia, Austria, Belgium, Great Britain, Bulgaria, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, India, Irish Free State, Italy, Japan, Latvia, Luxemburg, Netherlands, Poland, Portugal, Rumania, Serb-Croat-Slovene State, Siam, Sweden, Switzerland, Turkey, United States.

A delegation from the International Chamber of Commerce attended in an advisory capacity.

The delegation of the United States consisted of:

Hugh R. Wilson, American minister to Switzerland;

Assistants:

H. Lawrence Groves, American commercial attaché at Vienna;

Charles E. Lyon, American commercial attaché at Bern;

H. F. Worley, Treasury Department;

Percy W. Bidwell, a European representative of the Tariff Commission;

S. Pinkney Tuck, American consul at Geneva, secretary to the delegation.

The conference disclosed the extreme complexity of the problem, showed that the system had taken deep root in the commercial policy of European states in particular, and that its abolition would affect numerous private enterprises. It also revealed the interdependence of certain prohibitions and the effect of prohibitions in one state upon the régime in force in other states for similar or other wares. For example, the prohibition of the import of dyestuffs into Great Britain (Dye Stuffs Import Regulations Act, 1920, which will expire in 1930) was the reason alleged by Germany for maintaining the prohibition of the import and export of coal; the latter measure was the reason given by France and other countries to justify the prohibition of the export of scrap iron. Prohibitions concerning raw hides, bones, etc. are maintained in certain countries simply because they exist in others, and because manufacturers utilizing such raw material consider that they are entitled to similar measures of

protection to those enjoyed by their rivals abroad. The conference thus had to deal with concrete problems affecting enormous interests.

The convention is the first multilateral treaty regulating commercial relations between states. "This is a remarkable and, I suggest, a very hopeful new departure in international relations. The attempt to regulate by *general* agreement the commercial relations between states on a matter which affects very serious interests is in itself a substantial advance on anything which has gone before." [1] The work of the conference may be considered as a first step toward the execution of the recommendations of the Economic Conference with regard to the liberty of trading.

Decisions Reached. The conference produced four documents: (1) the international convention; (2) protocol to the convention; (3) final act; and (4) an annexed declaration.[2]

The contracting parties by Art. 2 of the convention undertake to abolish all existing import and export prohibitions and restrictions and not to impose new ones within six months after the coming into force of the convention and subject to duly specified exceptions. The procedure instituted is designed systematically to reduce such exceptions as may provisionally be allowed to the general principle of the abolition of prohibitions. The draft provided for a series of exceptions based upon non-economic considerations such as national defense, public order and security, the protection of animals and plants against disease, the protection of national artistic property, the necessity of continuing to apply certain national laws or international conventions, the protection of state monopolies, etc. It also provided a kind of safety-valve, in the form of a clause enabling contracting states to reestablish prohibitions in extraordinary or abnormal circumstances, catastrophes, etc. From the outset there were two currents of opinion, one in favor of limiting as

[1] President Colijn in his closing address.

[2] See texts in *Official Journal*, VIII, p. 1653.

far as possible the number of exceptions with a view to the general abolition of prohibitions; the other maintaining that, if too much were required, certain states would not be able to accede to the convention.

The question was to find a compromise and the conference invented a procedure which seems complicated, but should be effective. In the first place, Arts. 4 and 5 of the convention concerning exceptions in normal and abnormal circumstances and based upon noneconomic grounds leave as few loopholes as possible. Art. 6 enables parties to make reservations in regard to certain temporary exceptions, with the agreement of the other contracting parties; these exceptions concern prohibitions which states consider it impossible to abolish at once, but which they undertake to suppress as soon as the circumstances from which they arise no longer exist; and certain prohibitions which it would be difficult to abolish and which do not affect prejudicially the trade of other countries.

Certain reservations of this kind were made before the conclusion of the convention and were examined by the conference to make sure that none violated the principle thus established. Others may be made before February 1, 1928, when Governments have had sufficient time to study the convention, and will be examined at a meeting of the signatories between June 15 and July 16. At this meeting the situation will be studied in the light of the reservations and the number and geographical position of the states acceding to the convention. The conditions of the entry into force of the convention and the time-limit for the deposit of ratifications will also be determined.

It is provided that in three or five years (according to the reservations) after signing the convention, any signatory may denounce it, should it consider that certain temporary exceptions (Art. 6) have been unduly prolonged. Moreover, any contracting party can denounce the convention five years after its coming into force. Finally, if, as a result of such denunciations, the conditions governing the coming into force of the convention no longer exist, a fresh

conference may be convened to examine whether the convention should, nevertheless, remain in force between states which have ratified it (Art. 18). This procedure is one of the essential factors of the work of the conference. It was adopted in order to enable the greatest possible number of states to accede to the convention and to facilitate the abolition of various prohibitions while leaving time for the measures which certain parties will have to take. Thanks to this machinery, the conference hoped that all prohibitions and restrictions which are not considered justified will gradually disappear, and that in five years prewar conditions will to all intents and purposes have been reestablished, as recommended by the Economic Conference.

There is established by Arts. 8 and 9 a procedure of conciliation and arbitration for the friendly settlement of disputes regarding the interpretation and application of the convention. For disputes concerning provisions other than those dealing with exceptions and reservations, reference is contemplated to a technical League body (to be appointed by the Council) and to arbitral and judicial procedure. Legal disputes will be referred either to the Permanent Court of International Justice or to an arbitral tribunal, should one of the parties so request. Contracting parties may also undertake, subject to reciprocity, to extend to disputes concerning exceptions and reservations the procedure contemplated for disputes of a legal nature. There were exhaustive debates on these clauses, as compulsory arbitration is a new departure in this connection and the conference wished to gain some idea as to its possible consequences.

A second point worthy of note concerns import and export restrictions to protect animals or plants against disease. While recognizing that sanitary or veterinary measures might legitimately be applied, the conference endeavored to prevent such measures from becoming a disguised form of economic protection. For this reason it recommended the Council to undertake investigations,

inquiries and consultations with a view to summoning one or more conferences of experts to study measures of proved efficacy in animal and plant disease and how to adjust them strictly to risks of infection (Final Act, 1).

The following states had signed the convention on January 31, 1928: Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Egypt, Estonia, Finland, France, Germany, Great Britain, Hungary, Italy, Japan, Latvia, Luxemburg, Netherlands, Norway, Poland, Portugal, Rumania, Serb-Croat-Slovene State, Siam, Sweden, Switzerland, United States.

The Economic Committee at its 23rd session examined the means of securing the abolition of export prohibitions in regard to skins, hides and bones with a view to preparing for a final decision at a conference to be held on March 14, 1928.

It decided to appoint a small body of experts to work out a reconciliation of the interests of states taking preventive measures against diseases of animals and plants and of those states exporting such products.

3. Convention on Execution of Arbitral Awards Pronounced Abroad

A Committee of Legal Experts met at Geneva from January 27–29 and March 28–April 4 to consider framing a draft international agreement for the execution of arbitral awards made abroad.

This agreement would complete the protocol of 1923 concerning arbitration clauses in commercial contracts.[1] Under the terms of the protocol the contracting parties undertake to recognize the validity of arbitration agreements, but insure only the execution of arbitral awards pronounced in their own territory. In many countries long and costly proceedings are essential to carry out an award given in the territory of another contracting party. The Economic Committee, therefore, considered

[1] *Official Journal*, VIII, p. 582.

taking fresh international action for the purpose of providing for the execution of arbitral awards made abroad.

The first meeting enabled the experts of seven different countries to discuss all aspects of the question. At its second session the committee drew up a draft protocol.

Benjamin H. Conner, president of the American Chamber of Commerce in France, was a member of the committee.

On June 16 the Council [1] took note of the text and decided to place this question on the agenda of the eighth session of the Assembly. Governments were invited to communicate observations before the opening of the Assembly. The British Government having pointed out that the form of a protocol might give rise to difficulties owing to the peculiar constitution of the British Empire, the Assembly decided to give it the form of a convention, enumerating in its preamble the heads of states participating therein and their plenipotentiaries.

The convention was favorably reported by the Second Committee of the Eighth Assembly, after some changes of text, and was opened for signature on September 26 by all states which were contracting parties to the protocol of 1923,[2] by resolution of the Assembly. The convention will remain open for signature during an indefinite period, and it is expected to facilitate ratification of the 1923 protocol.

4. The Economic Organization

The International Economic Conference has resulted in the development of the Economic Committee into the Economic Organization. An "organization" at Geneva is a self-contained unit working under the direction of the Council, which may also receive suggestions respecting its program from resolutions of the Assembly. The nucleus of the organization is a committee, the membership of which is determined in each case as most appropriate for

[1] *Official Journal*, VIII, p. 582.

[2] *Protocol on Arbitration Clauses*, Geneva, September 24, 1923, edition containing signatures deposited until January 1, 1928. League of Nations, 1928. II. 5. See text, League of Nations Document, C. 659. M. 220. 1927. II. (1928. II. 1).

the purpose, both as to the official or nonofficial character of the members, their national and professional diversity and other qualifications. A section of the Secretariat serves the committee. The object is to collect facts, to elaborate conclusions, subject to confirmation by the Council, and to prepare the ground for international conferences upon various subjects within its competence. In the present case a Consultative Committee having a special interest in realizing the recommendations of the International Economic Conference is added.

The creation of the Provisional Economic and Financial Committee was decided upon by the Council on October 25, 1920, and it was appointed the following November 14. On September 10, 1923, the Council prolonged its term of office until further action, dropped the word "provisional" from the title and renamed the body the "Economic and Financial Commission." The commission was divided into the Financial Committee and Economic Committee, each consisting of ten members. In the earlier days they had frequent occasion to meet together, but they became more and more differentiated, and it was the Economic Committee alone which was primarily concerned in preparation for the International Economic Conference. That conference in a resolution expressed the opinion that its success would depend upon the execution of the principles laid down by it, and, with respect to appropriate organization, drew "the Council's attention to the well-balanced composition of the Preparatory Committee, which has yielded excellent results in the preparatory work of the conference."

The Eighth Assembly dealt with the reorganization in more than its accustomed detail in a resolution passed September 24. This called attention to the fact that much important and extensive work would result from the recommendations of the Economic Conference in addition to the economic tasks hitherto taken by the League. It called attention to the essential desirability of the different interests and organizations which had collabo-

rated in the preparation of the conference continuing to give their support and advice. It, therefore, concluded that the Economic Committee should continue as "the organ through which the Council deals with economic affairs" and that it should be constituted "so as to be best suited for its principal work which, in the near future at least, will lie within the sphere of the economic relations between states and their economic policies so far as they have international aspects." The resolution [1] envisaged three bodies:

(*a*) The Economic Committee;

(*b*) "Temporary subcommittees of experts for preparatory work and, subject to Council approval and in consultation with the states in question, economic correspondents in countries which have no member on the committee"; and

(*c*) "A Consultative Committee the object of which is to follow the application of the Economic Conference recommendations."

The Council on September 27 in dealing with (*a*) and (*b*) passed the following resolution [2] establishing the new Economic Committee, the members of which were in large part appointed on September 28: [3]

The Economic Committee, whose nature and terms of reference are outlined in the aforementioned resolution of the eighth ordinary session of the Assembly, shall henceforth work on the following lines:

1. It shall consist of 15 members, of different nationalities.

2. The members shall be appointed by the Council in their personal capacity, on the ground of their qualifications in the economic field, and more particularly in the matter of international economic relations. They shall not be representatives of Governments.

3. Members shall hold office for three years, from September to September. At the end of that period the Council shall appoint an entirely new committee, though any vacancies that may occur in the meantime may be filled.

[1] *Official Journal*, VIII, p. 1482.

[2] Same, p. 1439.

[3] Same, p. 1465.

4. At the end of the above-mentioned period, the retiring members, unless succeeded by members of the same nationality, shall become "corresponding members of the Committee."

(*a*) "Corresponding members" shall be kept informed of all the Economic Committee's work. They shall with that object receive the committee's documents and those of the subcommittees and special committees.

(*b*) They shall assist the committee in any investigations or inquiries which the latter may undertake, particularly in regard to their respective countries, and they may send the committee such observations and submit to it in writing such opinions or proposals as they may think fit.

(*c*) As a general rule they shall not take part in the committee's meetings, but the committee may summon them, whenever it thinks fit, to attend its plenary meetings and to take part in the work of the subcommittees or special committees.

(*d*) The Economic Committee is empowered to ask the Council to appoint other "corresponding members" in addition to members retiring as provided above.

5. The members of the Economic Committee shall elect their own chairman, who shall hold office for at least one year.

6. The Economic Committee is authorized to take any steps it may consider necessary in the course of its investigations and preparatory work, including the consultation of experts and forming of subcommittees or special committees, without on each occasion referring the matter to the Council; the latter, however, reserves the right to take any necessary decisions on the Committee's report as soon as the work has passed the preparatory stage and entered upon the stage of action.

The rules controlling the Consultative Committee were adopted by resolution of the Council taken on December 9.[1]

The Council found it advisable to exceed the number of 35 suggested by the Assembly as the membership of the Consultative Committee, and the initial membership was fixed at 47, including three members nominated by the International Labor Office. The committee is modeled in makeup after the Preparatory Committee and includes persons competent in industry, commerce, agriculture, finance, transport, labor questions, and questions relative to consumption. Three members from the International Chamber of Commerce are provided for. Two places are reserved for nationals of the United States, two for nationals

[1] *Official Journal*, IX, p. 171–172.

of the Soviet Union and one for an Australian.[1] Liaison with the Financial Committee will be established.

At its 23rd session, the Economic Committee appointed five of its members to the Consultative Committee: Messrs. Chapman, Jahn, Schüller, Serruys, Trendelenburg.

Economic Committee

The Economic Committee as constituted by the Council on December 6 follows:

Members:

J. A. Barboza Carneiro (Brazilian),
J. Brunet (Belgian),
Sir Sydney Chapman (British),
A. Di Nola (Italian),
J. Dvoracek (Czechoslovak),
G. Jahn (Norwegian),
M. Matsuyama (Japanese),
E. Neculcea (Rumanian),
R. Schüller (Austrian),
D. Serruys (French),
W. Stucki (Swiss),
E. Trendelenburg (German),
F. Dolezal (Polish),
H. A. F. Lindsay (as Indian),
Lucius Root Eastman (American.)

Corresponding Members:

C. A. B. Campion (Australian),
A. Jensen (Danish),
G. Curcin (Serb-Croat-Slovene).
A national of China.

The Council on December 9 also decided in principle to appoint nationals of Argentina, Chile and Venezuela as members of the committee.

The Economic Committee held meetings during 1927 as follows:

21. Rome, February 25–March 2.[2]
22. Geneva, July 12–14.[3]
23. Geneva, December 15–21.[4]

[1] The Consultative Committee will include nationals of the following countries: Australia, Austria, Belgium, Great Britain, Canada, Chile, China, Colombia, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, India, Italy, Japan, Luxemburg, Netherlands, Poland, Portugal, Rumania, Serb-Croat-Slovene Kingdom, Spain, Sweden, Switzerland, United States and Union of Socialist Soviet Republics, (which has declined to assist).

[2] *Official Journal*, VIII, p. 569.

[3] Same, p. 1165.

[4] C. 666. M. 224. 1927. II (1928. II. 2).

At the latter meeting the committee stated that for the immediate future "its main work must be to carry out the commercial policy advocated by the conference."

Commercial Policy. The Economic Committee at its 22nd meeting instituted measures to realize the recommendations of the Economic Conference concerning customs tariffs and commercial treaties and decided to institute an inquiry for the purpose of collecting practical information giving as clear a picture as possible of the existing situation. This information will be furnished by members of the committee as regards their respective countries and by qualified individuals with whom the Secretariat is in touch and whose competence it is in a position to appreciate. It will bear on the characteristic features of the tariffs of the various countries, autonomous tariff, double tariff, etc.; the advantages and disadvantages of the system in force from the point of view of the conclusion of commercial treaties; the form and application of the most-favored-nation clause, and the difficulties to which this application may have given rise in practice.[1]

At its 23rd session the committee divided this work among its members as rapporteurs and decided upon the specific questions to be studied. This program [2] is made up of three parts:

I, Treaty-making methods.

II, Equality of treatment. Most-favored-nation clause.

III, International action regarding tariffs.

Attempts will be made to give precise answers to a series of questions under each heading.

Treatment of Foreign Nationals and Companies. At its 22nd meeting the committee requested the Secretariat to collect material with a view to convoking an international conference to frame a convention on the treatment of foreign nationals and companies. The committee began a study of the subject in June, 1923, but at its 21st meeting only 10 states had replied to its inquiry. The Economic

[1] *Official Journal*, VIII, p. 1165.

[2] Economic Committee. *Report . . . on the 23rd Session*, p. 2, 8 (C. 666. M. 224. 1927. II. 1928. II. 2).

Conference, however, recommended continued activity after studying a series of proposals, formulated by the committee, on thorough investigations and a preliminary draft convention prepared by the International Chamber of Commerce.

Rapporteurs of the committee at its 23rd session submitted to it a draft convention. The committee accepted the framework and principles of this draft and will discuss the articles in detail at its 24th meeting on March 23. If it then succeeds in establishing a text, it will ask the Council's permission to submit it to Governments, with a diplomatic conference eventually in view.

Customs Formalities. The progress of the international convention relating to the simplification of customs formalities [1] was considered by the Economic Committee at its 21st session. The subject was before the International Economic Conference and the Eighth Assembly expressed the hope that states which had not adhered to it would do so at an early date. Up to October 20, 1927, ratifications and accessions to the number of 27 had been made.

The committee found that considerable progress in simplification was recorded in the reports communicated by states to the Secretary-General in virtue of Art. 9 of the convention, on measures taken to give effect to it. The committee also noted provisions of the convention were being more and more used as a basis for the settlement of similar questions in bilateral treaties, which had been found to embody in a large measure not only the principles of the convention, but also, in many cases, the very wording of its clauses.

Mixed Committee on Economic Crises. This committee, composed of members of the League Economic Committee and of experts appointed by the International Labor Office, met in its fourth session at Geneva May 1–2 to examine a memorandum submitted by the International Labor Office on the execution of public works as a remedy for unemployment, a question embodied in a recommenda-

[1] League of Nations, *Treaty Series*, XXX, p. 372.

tion of the International Labor Conference of 1919. The International Labor Office having expressed its intention of asking various Governments for information on their experience in this connection, the committee considered that the inquiry might bear on the following points:

Legislative or other provisions requiring more or less explicitly the reservation of public works for periods of unemployment;

Measures for the postponement of public works in times of great economic activity, with a view to reserving them for a period of slackened economic activity;

Measures for the execution, during a period of unemployment, of public works which would under ordinary circumstances have been undertaken at some later time;

Information concerning the nature of works so postponed or advanced;

Methods of subsequently utilizing labor set free owing to the postponement of works;

Arrangements for the accumulation by the authorities, during periods of prosperity, of reserve funds for financing public works in times of depression;

Methods employed by Governments to oblige or encourage local authorities to adopt, when desirable, a policy similar to that of Governments; etc.

Tariff Nomenclature. The Subcommittee of Experts on Tariff Nomenclature met at Geneva from August 22 to September 1 and again from October 12–31.

The Economic Conference stated that a fixed nomenclature for goods subject to customs duties was an essential condition of equity in their application and ease in their collection, and recommended that the Council take the initiative in drawing up an appropriate procedure for establishing a systematic customs nomenclature in accordance with a general plan covering all classes of goods. In July the Economic Committee decided to appoint a committee of customs experts to study the matter. The mandate of this committee consisted of an examination of the various principles upon which the general framework of a tariff might be based and of making suggestions as regards the further study of the question without losing

sight of the necessity of calling in the assistance of the economic circles concerned. The experts should take account of the principles arising out of certain resolutions voted by the Economic Conference, as regards not only the unification of nomenclature, but also the simplification of customs tariffs.

At their first session, the experts first endeavored to determine the principles according to which the new nomenclature should be drawn up. They recognized

1. that nomenclature should be simple;
2. that it should have a logical and, as far as possible, a scientific basis;
3. that, in classifying products and articles, account should be taken of the labor involved in their production;
4. that all products of the same kind should be grouped as far as possible in the same section or chapter.

On these bases the experts drew up a standard framework, endeavoring to show under what chapters the various categories of goods should figure. In so doing they took account of the tariffs of countries whose industrial development is very great. The subcommittee considered that this framework should undergo a practical test, to consist in regrouping according to these chapters, the German, Belgian, French, Italian and Czechoslovak tariffs to show what modifications are necessary.

The preliminary draft nomenclature completed at the second meeting of the subcommittee contains 95 headings grouped into 20 sections and includes all categories of goods forming the object of transactions, from natural products (raw materials) to semi-manufactured and finished wares. This classification is established on a simple and logical basis and abandons on certain points the practice hitherto adopted. An eventual sliding scale of duties is provided for by classification based on the quantity of labor required in the production of the imported wares. The scientific clarity of this nomenclature makes it possible for it to be easily understood not only by customs administrations but also by business men and tradesmen.

The difficulties in the way of the establishment of a unified tariff nomenclature were considerable. International conferences to study the question in 1900, at Paris and at Brussels in 1913 had dispersed after finding it practically impossible to make even a beginning as regards unification. The work accomplished by the five experts enables a different solution to be envisaged. Not only is it possible to realize the unification of nomenclature, but the scheme drawn up by the experts offers a framework in which it is possible to group all agricultural and industrial output. It may, therefore, be assumed that numerous other countries would be able to adopt this framework, under which it will be possible to compare the commercial import and export statistics of various countries.

False Customs Declarations. The Economic Committee decided at its 21st session to enlarge the scope of its examination of the repression of false customs declarations and to secure the opinion of experts on the juridical and technical aspects of the question.[1] In a report to the Seventh Assembly it had concluded that it was desirable to include in its investigations fraudulent declarations made in the course of commercial transactions, to the prejudice of bodies or persons or administrations other than customs authorities, since the law of some countries did not always regard as a punishable offense a false declaration to the prejudice of a foreign country.

Bills of Exchange. A Committee of Experts, including Ralph Dawson, vice-president of the Guaranty Trust Company, New York (replacing Albert Breton), met at Geneva, December 14–16, 1926, to study the difficulties encountered by bankers and merchants in daily business as a result of the divergences between the laws of different countries on bills of exchange. They concluded that any efforts undertaken should be primarily directed toward an attempt to assimilate or harmonize the laws of countries belonging to the Continental group. Such a result would

[1] *Official Journal*, VIII, p. 571.

be a first step toward closer harmony between the Continental and Anglo-Saxon systems.[1]

The Economic Committee, with the approval of the Council, convened a Committee of Legal Experts, at Geneva November 21–26. The experts were unanimously of the opinion that the summoning of an international conference should be proposed, in order to bring as nearly as possible into harmony the continental laws on bills of exchange and checks, and that this should be attempted on somewhat different bases from those hitherto taken. The experts took the prior conclusions of the Economic Committee as a basis for drawing up a series of provisional conclusions which it will submit to the Economic Committee, as soon as they have become definite. They will make the question of checks the principal subject of discussion at a meeting to be held on January 23, 1928.

Statistics. Three phases of international statistical work came before the Economic Committee during 1927.

On March 11 the Council approved "in principle the Economic Committee's proposal to convene a conference of official statisticians some time in 1928 with a view to the adoption of uniform methods for the establishment of economic statistics."[2] At its 23rd session the committee was able to suggest the broad lines of a program and selected seven experts to work with members of the committee in drafting the White Book of the contemplated conference. The experts will meet on March 19, 1928, and submit its draft to the 24th session of the Economic Committee on March 23. The conference is planned for November, 1928.

With respect to industrial statistics, the Economic Conference recommended cooperation with the chief industries to "arrive at international agreements with reference to the definition of the terms, the methods employed and the scope of the statistics." The International Chamber of Commerce offered to collaborate in this work. This

[1] *Official Journal*, VIII, p. 572, 583.

[2] Same, p. 396.

offer was welcomed and at its 23rd session the Economic Committee decided to appoint a committee of experts to explore the subject.

The Preparatory Committee on Statistical Methodology continued in existence, but in December the Economic Committee decided that its next meeting need not occur until after the conference scheduled for November, 1928.

5. Financial Committee

The committee met during 1927 as follows:

26. Geneva, March 2–9.[1]
27. Geneva, June 8–14.[2]
28. Geneva, September 1–7.[3]
29. Geneva, November 29–December 7.[4]

Jeremiah Smith, Jr., of Boston, formerly League Commissioner-General for the financial reconstruction of Hungary, was appointed an additional member of the committee by the Council on September 2 and attended the 29th meeting in that capacity for the first time.

Double Taxation. The Committee of Experts on Double Taxation and Tax Evasion completed in two meetings during 1927 four model conventions with detailed commentaries,[5] which have been submitted to Governments for their views and which during 1928 will be submitted to a general meeting of experts. The committee met at Geneva, January 5–12 and at London, April 6–12.

The committee was composed of officials, sitting as experts, of the fiscal administrations of Argentina, Belgium, Czechoslovakia, France, Germany, Great Britain, Italy, Japan, Netherlands, Poland, Switzerland and the United States. At the April meeting, the United States Treasury

[1] *Official Journal*, VIII, p. 509.

[2] Same, p. 920.

[3] Same, p. 1300.

[4] Same, IX, p. 240.

[5] Separately published, League of Nations, C. 216. M. 85. 1927. II. 40.

was represented by Professor Thomas S. Adams, president of the American Economic Association, former economic adviser to the Treasury Department, professor at Yale University, assisted by Mitchell B. Carroll, chief of Tax Division, Department of Commerce, and Miss Annabel Matthews, attorney, attached to the Board of Inland Revenue, Treasury Department.

While the committee completed its mandate, it regarded the texts as only a first step in handling a complex problem which it stated as follows: [1]

> Double taxation, which affects mainly undertakings and persons who exercise their trade or profession in several countries, or derive their income from countries other than the one in which they reside, imposes on such taxpayers burdens which, in many cases, seem truly excessive, if not intolerable. It tends to paralyze their activity and to discourage initiative and thus constitutes a serious obstacle to the development of international relations and world production.
>
> At the same time, any excessive taxation, by its very burden, brings in its train tax evasion . . . ; the suppression of double taxation is therefore, closely connected with the measures for the systematic prevention or checking of such evasion.
>
> It is for this twofold purpose that efforts will have to be made to secure international cooperation with a view to making it possible to put a stop to an evil which has become especially acute owing to the increase in the fiscal burdens consequent upon the war; the measures advocated by the experts could not fail to bring about a reduction in, and a better distribution of, such burdens.

The committee was unable to reach agreement on all essentials. The points on which complete understanding could not be arrived at were left for negotiation and decision to any states seeking to conclude bilateral treaties. In order not to exceed its instructions, the committee refrained from examining in detail several correlated questions of international law, such as the doctrine of reciprocity, the treatment of foreign nationals, and the principle of the most-favored nation, in their relation to double taxation.

The two draft conventions on double taxation dealt

[1] *Double Taxation and Tax Evasion. Report*, p. 8–9 (1927. II. 40).

with the prevention of double taxation in direct impersonal or personal taxes, and with succession duties. The two on tax evasion dealt with administrative assistance in matters of taxation and judicial assistance in the collection of taxes.

The committee preferred to draw up standard bilateral conventions, considering that, if these texts were used by Governments, a certain measure of uniformity would be introduced in international fiscal law and later a system of general conventions might make possible the unification and codification of the rules previously laid down. On this decision the committee in its report to the Financial Committee said: [1]

> In the matter of double taxation in particular, the fiscal systems of the various countries are so fundamentally different that it seems at present practically impossible to draft a collective convention, unless it were worded in such general terms as to be of no practical value. In the matter of tax evasion also, although unanimity would not seem to be unattainable, there is no doubt that the accession of all countries to a single convention could only be obtained as the result of prolonged and delicate negotiations, while there is no reason to delay the putting into force of bilateral conventions which would immediately satisfy the legitimate interests of the taxpayers as well as those of the contracting states.

In order to make systematic and continuous international cooperation possible in this field, the committee suggested that a permanent organization for taxation questions should be set up under the auspices of the League. Its principal task would be to hasten the solution of the problems of double taxation and administrative and judicial assistance. It might, in particular, give its attention to the following points: [2]

> (1) Periodical investigations and reports on the general situation in regard to these problems;
>
> (2) The preparation of model bilateral conventions or collective conventions and revised texts thereof;

[1] *Double Taxation and Tax Evasion. Report*, p. 8.

[2] Same, p. 31.

(3) The preparation of any other international measures calculated to eliminate double taxation and to secure a more equitable distribution of fiscal burdens;
(4) Comparison of fiscal systems;
(5) Preparation of general conferences.

Counterfeiting Currency. The Mixed Committee for the Suppression of Counterfeiting Currency established by the Council on December 10, 1926,[1] met in two sessions at Geneva, June 23–26 and October 10–13. It completed a draft convention which with its report was forwarded to all Governments for their opinion by the Council on December 6,[2] when it instructed the Secretary-General to convene a general conference within a year. The desirability of codifying the international law applicable to extradition and letters rogatory was recognized.

The committee consisted of the chairman of the Financial Committee, three delegates of banks of issue, four experts in international law and three representatives of the prosecution authorities of Governments. In the latter group W. H. Moran, chief of the Secret Service, Treasury Department of the United States, was included.

The draft convention consists of 11 articles,[3] the first of which in 16 paragraphs lays down rules to be recognized as most effective for insuring the prevention and punishment of counterfeiting. In general the draft provides for the unification of domestic legislation to insure that criminals shall in no case be able to escape punishment, but shall be faced in all countries with penal measures which are severe and as far as possible certain. The list of recognized criminal offenses punishable with adequate penalties shall include all fraudulent manufacture or counterfeit of currency, no matter what means are employed for this purpose, and all fraudulent uttering of currency, including the act of bringing into the country or of being in possession of falsified or counterfeited currency with a

[1] *Official Journal*, VIII, p. 158, 188; 140, 180.
[2] Same, IX, p. 121.
[3] *Report and Draft Convention*, p. 18 (C. 523. M. 181. 1927. II. 70).

view to uttering it, the word currency being understood to mean paper money or metallic money which is legal tender. In no case shall a breach of the convention be deemed a political offense, owing to the political motive of the offender. It also provides for the establishment of a police organization to insure the rapidity and cohesion indispensable to the efficacy of all inquiries of which offenders are the subject. Investigations shall be organized in each state, so far as national legislation permits, by a central police office which will receive all information of a nature to facilitate the investigation, prevention and punishment of counterfeiting. The central offices of the different states will correspond directly with each other.

The draft convention further provides that any disputes which may arise between the high contracting parties regarding its interpretation or application shall, if not settled by direct negotiation, be referred to the Permanent Court of International Justice.

"In order to insure, improve and develop direct international cooperation in the prevention and repression of counterfeiting currency, the representatives of the central offices of the high contracting parties" will hold periodical "conferences with the participation of representatives of the banks of issue and of the central authorities concerned." The organization and management of a central international information office might form the subject of one conference.

Bulgarian Refugee Settlement. The scheme for the settlement of the refugees in Bulgaria begun in 1926 came into full operation in 1927. The Refugee Settlement Law voted on December 9 had been promulgated on December 14. The loan of about $15,000,000 authorized by the Council had been simultaneously issued in London and New York on December 21, and had been a complete success. The new statutes of the National Bank came into force on January 1, 1927.

The yield of the assigned revenues had increased up to November 15, 1927, until they exceeded the budget

estimates, the favorable situation being due to other than seasonal causes.

The scheme comprises the settlement of about 19,000 families, according to the list published in November. An active anti-malaria campaign is being conducted, as well as other health preservation measures.

Of the 1,300,000 decares to be provided by Bulgaria, 594,767 had been surveyed and 260,995 allotted to 7,552 families on November 1. From the beginning 2,399,662 kilograms of seeds had been distributed to 8,066 families, 6,454 animals allotted to 4,554 families, while 1,000 carts had been placed in use.

By November 15 building construction was just beginning to be effective. Then 101 houses were completed, 307 near completion and 804 under contract, the total of 1,212 comparing with only 271 on August 15.

Greek Refugee Settlement. The work of the commission during the year was more administrative than formerly and was chiefly devoted to such matters as completing an urban census of refugees, arranging for a cadastral survey of lands under the control of the commission, and multifarious details of similar character. On September 30 the financial statement showed assets of £11,093,169, of which £8,007,806 represented expenditures in agricultural settlement and £1,080,125 for urban settlement.

The commission accepts from its refugee debtors bonds of the 8% loan issued for the indemnification of exchangeable refugees from Turkey as security for their debts. The National Bank of Greece was charged by the Government with the administration and liquidation of the immovable property abandoned by Moslems exchanged under the Lausanne convention.[1] The provisional value of 54,891 estates taken over was estimated at 4,431,763,733 drachmas. Against this property value as cover are issued the indemnification bonds which are made over to

[1] *Treaty Series*, XXVIII, p. 55.

exchangeable refugees benefiting under the settlement scheme.

Charles B. Eddy continued as chairman of the commission. Bert Hodge Hill, director of the American School of Classical Studies at Athens, acted for him during his annual leave.

Loan Contracts

The Financial Committee has been the medium by which a number of loans have been secured by Governments under the auspices of the League. This function has been exercised in the following instances:

Country	Protocol	Amount	Rate
Austria	Oct. 4, 1922	585,000,000 gold crowns	7
Hungary	Mar. 14, 1924	250,000,000 gold crowns	7½
Greece	Sept. 19, 1924	£10,000,000	7
Danzig	Feb. 19, 1925	40,000,000 gulden	7
Bulgaria	Sept. 8, 1926	£ 2,112,000 $ 3,915,000	7
Estonia	Dec. 10, 1926	£ 700,000 $ 4,000,000	7
Danzig, Municipality	June 1927	£ 1,900,000	6½
Danzig Harbor Board	July 1927	$ 4,500,000	6½
Bulgaria	Sept. 12, 1927 [1]		
Greece	Sept. 15, 1927	£ 4,070,960 [2] $17,000,000	6
Portugal	Nov. 24, 1927 [1]		

Greek Stabilization and Refugee Loan. The Financial Committee, in connection with Art. VI of the Greek Refugee Settlement protocol, whereby the Greek Government undertook "to make every effort to secure as soon as possible complete equilibrium between the ordinary receipts and the expenses of the State," requested the Secretariat to collect as complete information as possible on the budget situation before June, 1927. It added: [3]

[1] Application.

[2] $19,811,327.

[3] *Official Journal*, VIII, p. 510.

In view of the statement of the Settlement Commission that the work of establishment can not be satisfactorily completed without an additional loan, the committee thinks it may be well to add — though no application for such an additional loan has been made by the Greek Government, — that, if such an application should be made, it would be absolutely indispensable that the committee should have complete information of a kind which will give it a clear picture of the whole situation.

The Greek representative at the Council meeting of March 10, stated that the finance minister would shortly introduce his budget, and on that occasion would make a complete and clear statement of the financial situation of the country. These explanations, he felt sure, would be satisfactory.[1]

On June 14 the Greek finance minister asked the Council to approve in principle a sterling loan and authorize the Financial Committee to assist in its financial reorganization.[2] At its 27th session the Financial Committee had before it detailed information on the Greek banking and budget position collected by a delegation from the League Secretariat, headed by M. Avenol, deputy Secretary-General. In the course of the discussions further information was given by the Greek foreign minister, the Greek finance minister, and the assistant governor of the National Bank with regard to budget equilibrium and the reorganization of the Bank.

The Financial Committee concluded that the monetary position was such as to justify immediate measures with a view to the stabilization of the drachma on a gold exchange basis. It noted that the necessity of revising the functions of the National Bank had been fully recognized. Subject to satisfactory measures on these points, the committee thought that definite equilibrium and stabilization should be practicable in conjunction with a loan.

The Council, including M. Kaphandaris (Greece), discussed the report of the committee and the request of the

[1] *Official Journal*, VIII, p. 383.

[2] Same, p. 926.

Greek Government on June 17. It approved and adopted the report, and, subject to the conditions stated, agreed in principle with the proposals of the Greek Government. It authorized the Financial Committee to continue to cooperate with the Greek Government with a view to the Council's being able to approve a detailed scheme for the issue of a comprehensive loan under the auspices of the League. On September 15 the Council [1] definitely approved a scheme drawn up by the Financial Committee in collaboration with the Greek Government for the issue of a loan of not more than £9,000,000, secured upon certain surplus revenue, under the control of the International Financial Commission. It also approved a protocol and annexes which were signed by the Greek Government on the same day.

Of the proceeds of the loan, £3,000,000 will be used for repaying part of the state debt, three millions to pay off outstanding arrears and three millions for the further settlement of refugees. The Greek Government undertakes to found a new bank of issue in which all state receipts and payments will be centralized. During the next three years the budget will be maintained, if possible, within the limit of 9,000 million drachmæ. Short-term borrowing by the Government is limited to a maximum of 800 million drachmæ.[2]

The Council at its 48th session in December took the final decisions. The Greek Government had ratified the protocol and taken other necessary steps. The French, British and Italian Governments on December 7 had agreed to give the International Financial Commission at Athens necessary instructions to arrange for the service of the loan.

Danzig Loans. The Municipality of Danzig in 1925 floated a loan under the auspices of the League. The principle of the issue of this loan by the Free City was

[1] *Official Journal*, VIII, p. 1134.

[2] For the protocol and other relevant documents see *Greek Stabilisation and Refugee Loan*, C. 556. M. 198. 1927. II. 74.

approved by the Council in December, 1926, subject to the Financial Committee's being satisfied that certain conditions had been fulfilled. In March the Council[1] was able to note that, as a result of the work of the Financial Committee, the more important of these conditions, particularly those concerning the Polish-Danzig customs agreement and the tobacco monopoly, might be so considered. It accordingly expressed its hope that the remaining formalities would be promptly carried out. The loan is for the consolidation of the floating debt, payments to the Conference of Ambassadors and the Reparation Commission, and building of houses. The loan amounts to £1,900,000, and bears 6½% interest, and was issued in June at London and Amsterdam.

The Danzig Harbor Board desired a loan for its own purposes and the committee saw no objection to it, provided it was issued after the loan of the Free City.[2] The loan, $4,500,000, bearing 6½% interest, was issued in July at New York and Amsterdam.

Banking and Currency Reform in Estonia. The question of the Estonian banking and currency reform was discussed by the Council on March 10 when it noted a report of the Financial Committee on the subject. The issue, under the auspices of the League, of an Estonian state loan had been approved by the Council in December. Certain preliminary conditions had been stipulated, in particular, the drafting of a law for the reorganization of the bank of issue, the transfer to that bank of the state note issue, and a currency law.

These laws were approved by a special subcommittee of the Financial Committee cooperating with the Estonian Government experts. The Financial Committee accordingly authorized its chairman to approve the conditions of the loan, in accordance with the protocol signed by the Estonian Government at Geneva, December 10, 1926.[3]

[1] *Official Journal*, VIII, p. 142, 175, 386, 511.

[2] Same, p. 806, 925.

[3] For all relevant documents see *Banking and Currency Reform in Estonia, Protocol. . . .* (C. 227. M. 89. 1927. II. 45).

The loan was issued in June, bearing 7% interest, £500,000 in London, £200,000 in Amsterdam and $4,000,000 in New York.

Application by Bulgaria. The Council on September 15, 1927, received the following application from the Bulgarian Government:

> The Bulgarian Government, having settled, with the valuable help of the League of Nations, the serious and urgent problem of the settlement of Bulgarian refugees, is continuing its policy of peace and stabilization, and considers the fixing of its finances on a firm basis as an essential step in this direction. In this work, however, the Government is encountering considerable difficulties.
>
> Having very carefully examined the country's financial and economic possibilities, the Government has come to the conclusion that this task can only be accomplished with the help of a foreign loan.
>
> As the League of Nations has, on several occasions, given its valuable patronage and assistance to similar work for the consolidation and reconstruction of countries whose finances have been undermined by the war, we venture to ask the Council to be good enough to instruct its organs to study a plan for the financial reconstruction of Bulgaria through the issue of a foreign loan.
>
> The Bulgarian Government is confident that its request is entirely within the scope of the great work of the League and hopes that it will be favorably received by the Council.
>
> (Signed) A. Bouroff,
> *Minister of Foreign Affairs.*
>
> Wl. Molloff,
> *Minister of Finance.*

At its 29th session, the Financial Committee heard a report from a delegation of its members who had paid a visit to Sofia, and had before it also information secured by members of the Secretariat and furnished by the Bulgarian Government and the Bulgarian National Bank. Considerable progress had been made toward working out a plan of reconstruction; but, since the plan was not completed, the Council authorized the Financial Committee to continue its study and to submit a report at the next session of the Council to be held on March 5.

Application by Portugal. On December 5 the Council referred to the Financial Committee and to the Secretariat

for study and report the following application from the Portuguese Government:

The Portuguese Government is desirous to carry out a complete scheme of financial reconstruction, currency stabilization and economic development.

The Government believes it impossible to meet these three objects without concluding an external loan of considerable amount and, besides, thinks that important advantages could be obtained in case the operation should be carried out with the acquiescence of the Council of the League of Nations.

For the reasons stated above, I have the honor, on behalf of the Portuguese Government, to request you to be so good as to ask the Council to authorize the Financial Committee of the League of Nations to examine the question and thus enable the Council to give its opinion with regard to the wishes of the Portuguese Government that the loan should be floated under the auspices of the Council of the League of Nations.

(Signed) João J. Sinel de Cordes,
Finance Minister of the Portuguese Republic.

Mixed Greco-Bulgarian Emigration Commission. The operation of the convention on November 27, 1919, for reciprocal emigration between Bulgaria and Greece has from the beginning been managed by a commission appointed by the Council of the League. The extensive interchange of population very early resulted in financial arrangements for the liquidation of properties abandoned by Bulgarians or Greeks who had elected to take up residence in the country of their nationality. A plan of payment for the properties involved was adopted on December 8, 1922, and its liquidation has been effected through Greek and Bulgarian 6% loans, the final certificates of which were due for amortization as from January 1, 1925. By the payments plan "the service of these bonds should be insured by an annuity guaranteed by definite and sufficient revenues placed under the control of an international financial body." Documents presented to the Council on September 3 indicated that of a total of 40,000 claims presented by emigrants, the number of liquidations had risen to 10,600 and that the question

of providing satisfactory security for the bonds given in liquidation to emigrants had definitely arisen.[1]

The problem was referred to the Financial Committee which worked out an agreement, signed at Geneva on December 9, 1927, by the representatives of Bulgaria and Greece and the president of the Mixed Commission.[2] By this arrangement, the provisional certificates are to be exchanged for final certificates and the funds resulting from the liquidation of properties — some $35,000,000 — are to be deposited in the National Bank of Bulgaria and the Greek Bank of Issue as sinking funds. Semi-annual drawings of the final certificates will result in the owners of the liquidated properties recovering their money. The Council approved the decision on December 12.

[1] *Official Journal*, VIII, p. 776, 885.

[2] Financial Committee. Report . . . of 29th Session, p. 5 (C. 643. M. 211. 1927. II. 75).

IV. ARBITRATION, SECURITY, DISARMAMENT

1. General Survey

The development of the armament problem in the League has become so many-sided that it may be clarifying to recall the stages of thought which have carried it to the status it had reached at the end of 1927.

Armament is essential to the conduct of war. War, however, occurs only as the result of a dispute. Therefore, if every dispute is certain to be solved by some application of methods of pacific settlement, the occasion for war and the need of armament for warlike purposes does not exist. Thus, arbitration fosters a sense of security; security provides a basis for reducing armament.

The Covenant does not state this syllogism, but it contains its elements. By Art. 8, "the Members recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations." By Art. 12, the Members "agree in no case to resort to war until three months after" "any dispute likely to lead to a rupture" has been submitted "to arbitration or judicial settlement or to inquiry by the Council" and the result of the submission has been rendered.

Further, Art. 8 provides that "the Council, taking account of the geographical situation and circumstances of each state, shall formulate plans" for reduction of armament "for the consideration and action of the several Governments."

The Council has been seeking to formulate such plans since 1920; but, while much has been done, the task as a whole at the end of 1927 had developed ramifications and technical complications from which the semblance of acceptable formulas had only begun to emerge.

Art. 12 of the Covenant required no development for it has constituted an agreement between Member states from the outset. Since it enjoins a state to make use of pacific methods of settling disputes, it encouraged them to devise treaties applicable to their special conditions and problems. The addition of the Permanent Court of International Justice to the machinery of pacific settlement and the combining of arbitration and conciliation in bilateral treaties so as to cover the entire possible range of disputes served both to make the agreement more important and practicable.

The connection previously felt between the armament problem and the settlement of disputes was given form in 1924 in the slogan, "arbitration, security and disarmament," and its result, the Protocol for the Pacific Settlement of International Disputes, popularly called "the Geneva Protocol." [1] The failure of the Protocol to command requisite support became evident in March, 1925, but the clarification which its preparation had afforded provided the opportunity for devising formulas for pacific settlement which since that date have been accepted in a very large number of bilateral treaties, including the series signed at Locarno on October 16, 1925. The solution of disputes by acceptable methods of arbitration or conciliation was thereafter recognized as contributing to the security of the state, and this opened the way to reduce national dependence upon armament in another direction.

The theory of the Protocol was that complete insurance of the peaceful settlement of all disputes was to be provided for; after which the problem of reducing armament could continue on a fixed and agreed basis of security. When it became evident that the Protocol was not to be made effective, the Preparatory Commission for the Disarmament Conference was created to study the problems involved in "disarmament" chiefly with respect to its technical aspects. Some of these are exceedingly complex and at almost every stage there have developed

[1] League of Nations, C. 606. M. 211. 1924. IX.

questions to which the answer must be sought outside the purely technical facts and conditions. Many of them have appeared to be insoluble under the conditions of tension assumed by experts to be the underlying reason for maintaining armament. As a consequence, from several points of view its proceedings have raised the question of what is the existent degree of security, for which armament is to be provided.

The states Members of the League are independent and are not subject to any rules except those which they have voluntarily and positively accepted. While the ideas which resulted in the Covenant were incubating in the public mind during the World War, the conception of enforcing methods of pacific settlement with the available armament of the peace-desiring states was well to the fore. In the final draft of the constitution of the League of Nations accepted by the states at Paris that idea is embodied in the sanctions provided for in Art. 16 of the Covenant.

What provisions should be agreed upon to insure the operation of Art. 16 in case of need — in practice it has not been called into operation in any dispute coming before the Council — were studied without definite result in 1920 and 1921. The desire for certainty on this matter came into the Preparatory Commission's agenda as a result of question V (*b*).[1] It is intimately related to the problem of the relative security derivable from the increase of pacific settlement on the one hand and the reduction of armament on the other.

This problem of security was studied during 1927 in some of its purely physical phases, such as the rapidity with which the League's peace machinery could be brought into action. Increased understanding was gained both of the mechanism and extent of mobilizing the effectives of pacific settlement.

Such are the considerations developed by the League in trying to put Art. 8 of the Covenant into full effect. The

[1] See *Seventh Yearbook*, p. 236.

period up to December 12, 1925, was devoted to general investigation. On that date the Council determined the program of the Preparatory Commission for the Disarmament Conference in the form of a questionnaire, confined to armament and security, particularly in its regional aspects, and also including the possibilities of mutual assistance under Art. 16. In the commission other questions relating to the operation and effect of the Covenant's articles on pacific settlement were introduced. The commission examined the questions properly before it in their technical military and also in their economic aspects. By reference to other League bodies and expert committes points not within its competence were considered. The action in 1926 was exploratory in respect to technical aspects of the problem.

In 1927 decisions began to be taken. Those concerned with the League machinery were well advanced. The commission itself, having collected a vast amount of information and having reached some decisions in principle, undertook to put the points agreed upon into orderly form. As a consequence, a partial text of a disarmament agreement was passed in first reading. It disclosed at once that some progress had been made and that some of the most fundamental phases of the armament problem were either not agreed upon or still remained to be discussed. But the draft dealt with the problem in its full extent for the first time.

Having examined the entire work, the Eighth Assembly, without mentioning by name the Protocol of 1924, again associated arbitration and security with disarmament. It passed a resolution declaring against all wars of aggression [1] and the employment of every pacific means of settling disputes, and it invited the Council to place at the commission's disposal a committee "to consider . . . the measures capable of giving all states the guaranties of arbitration and security necessary to enable them to

[1] See below, p. 90 [250].

fix the level of their armaments at the lowest possible figures in an international disarmament agreement."

The second reading of the disarmament draft agreement is scheduled for the fifth session of the Preparatory Commission, beginning March 15, 1928, and it is hoped that the official conference can take place before the end of 1928.

2. Program of Future Work

The debate in the Assembly on the Report on the Work of the Council constantly turned on the armament problem. Arbitration and security were early brought into it and differing views of the progress made and the methods to be pursued were expressed.

The Netherlands delegation on September 6 introduced a resolution suggesting resumption of study of the principles of the Protocol of 1924, combining arbitration, security and disarmament. The French delegate in the Third Committee on September 16 presented a draft resolution recommending the conclusion of arbitration agreements and the study of guaranties of security. Finally, the German delegation on September 19 introduced in the Third Committee a proposal that the Preparatory Commission hasten its work so that the conference could take place before the Assembly of 1928.

These proposals on examination were found to supplement each other and they were embodied in a single resolution which was adopted by the Assembly on September 26.[1]

In explanation of the last paragraph the Third Committee in its report said:[2]

> The committee desires to point out that the agreements therein mentioned are not in any way to be confused with such alliances as it was possible for countries to contract for political purposes of one kind or another before the Covenant of the League established general

[1] *Resolutions and Recommendations of the Eighth Assembly, Official Journal*, Spec. Sup. No. 53, p. 24.

[2] A. 108, 1927, IX. 11, p. 3. See also *Records of the Eighth Assembly. Meetings of the Committees. Minutes of Third Committee. Official Journal*, Spec. Sup. No. 57, p. 69.

principles and obligations which introduced a measured harmony into international life. The agreements referred to in the resolution are to be regarded as means for enabling states which wish to enter into closer mutual engagements than are provided by the Covenant to help each other to discharge more effectively, so far as they are concerned, the obligations embodied in the Covenant itself. These agreements, therefore, are to be regarded simply as instruments for applying the principles of the League more effectively in specific regions.

The Council on September 27 decided to forward the resolutions to the Governments Members and non-Members of the League; [1] and this was done.

3. Armament

Preparatory Commission for the Disarmament Conference

The commission held its third session at Geneva March 21–April 26, the session running to 39 public meetings.[2] The fourth session was held at Geneva November 30–December 3 and was the first which was attended by representatives of the Soviet Union in response to the invitation of December 12, 1925.

The membership of the Council having changed in September, the states on the commission were altered. The newly elected Members of the Council — Canada, Cuba, Finland — were entitled to representatives *ex officio*. Salvador retired. The Council on September 28 decided to retain Belgium and Czechoslovakia and to add Greece, in view of the importance of the element of arbitration, and the fact that the Greek representative, Nicolas Politis, was rapporteur of the Protocol in 1924.[3] As constituted at the fourth session the commission is made up of representatives of: Argentine Republic,

[1] *Official Journal*, VIII, p. 1446.

Subcommission B (economic questions) met at Geneva on March 16–17 to take note of the work of the committees of experts on civil aviation and on national defense expenditure. The reports were forwarded to the Preparatory Commission, as Subcommission B was not called upon to take any decision.

[3] *Official Journal*, VIII, p. 1444, 1448, 1454.

Belgium, Bulgaria, British Empire, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Finland, France, Germany, Greece, Italy, Japan, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, Sweden, Union of Socialist Soviet Republics, United States of America.

First Reading of Draft Convention. At its third session the commission examined the reports submitted to it by technical subcommissions with regard to the questionnaire it had been instructed to study.[1] The commission was of the opinion that these preliminary investigations were such as to permit it to undertake forthwith the study of a draft convention. Preliminary drafts had been submitted to it by the British and French delegations. The commission's report says:[2]

> The commission has endeavored, during the present session, to draw up a text which could serve as a basis for discussion at the second reading. It has not succeeded in establishing a single text for all the points discussed. The present document shows separately for each of the parts the points on which unanimity was obtained, as well as the reservations submitted by the various delegations on certain specific points. Where it has not been possible to establish a unanimous text this document gives the different proposals submitted. It has been generally understood that the acceptance of each delegation at first reading does not prejudice the attitude it might adopt at the second reading and does not bind it in any way.
>
> In the course of the discussion, several suggestions and proposals were put forward, either in order to meet exceptional situations, or with a view to inserting into the convention limitations or general clauses other than those which had been unanimously adopted at the first reading by the commission or which had been put down as parallel texts. These proposals and suggestions are reproduced in the minutes of the commission. It is understood that each delegation retains full freedom to reconsider at the second reading such suggestions or proposals and to put forward fresh ones.
>
> The discussion seems to suggest that it might be advisable to classify the matter into five parts, which might constitute the five chapters of the draft convention as a basis for the second reading.
>
> Chapter I. — Effectives.
> Chapter II. — Material.

[1] *Seventh Yearbook*, p. 243–256.

[2] *Official Journal*, VIII, p. 860, where the full text is printed.

Chapter III. — Budgetary Expenditure.
Chapter IV. — Chemical Warfare.
Chapter V. — Miscellaneous Provisions.

This division is, of course, liable to alteration at the second reading.

The detailed draft was included in the report, which was adopted by the Council on June 15.

The second reading was assigned to the fifth session of the commission, beginning March 15, 1928.

Soviet Union Proposal. At the fourth session of the commission, which was the first attended by the Moscow Government, the delegation of the Soviet Union presented a memorandum in which it proposed in effect the abolition of all armament. Viewed as an amendment to the draft already prepared, these proposals were referred to the fifth session of the commission for consideration in connection with the second reading of the draft convention. The Soviet proposals in substance were: [1]

II. The U. S. S. R. delegation is authorized by its Government to propose the complete abolition of all land, naval and air forces.

The Government of the U. S. S. R. suggests the following measures for the realization of this proposal:

(*a*) The dissolution of all land, sea and air forces and the non-admittance of their existence in any concealed form whatsoever.

(*b*) The destruction of all weapons, military supplies, means for chemical warfare and all other forms of armament and means of destruction in the possession of troops or in military or general stores.

(*c*) The scrapping of all warships and military air vessels.

(*d*) The discontinuance of calling up citizens for military training, either in armies or public bodies.

(*e*) Legislation for the abolition of military service, either compulsory, voluntary or recruited.

(*f*) Legislation prohibiting the calling-up of trained reserves.

(*g*) The destruction of fortresses and naval and air bases.

(*h*) The scrapping of military plants and factories and of war industry equipment in general industrial works.

(*i*) The discontinuance of assigning funds for military purposes both on state budgets and those of public bodies.

[1] *Documents of the Preparatory Commission* . . . , Series V, p. 10 (C. 667. M. 225. 1927. IX. 1928. IX. 2). *Draft Disarmament Convention submitted by Union of Socialist Soviet Republics*, 1928. IX. 5; *Corrections* [Art. 41], 1928. IX. 5. Erratum.

(*k*) The abolition of military, naval and air ministries, and the dissolution of general staffs and military administrations, departments and institutions of every kind.

(*l*) The legislative prohibition of military propaganda and military training of the population and of military education, both in State and public bodies.

(*m*) The legislative prohibition of the patenting of all kinds of armaments and means of destruction with a view to the removal of incentives to the invention of the same.

(*n*) Legislation making the infringement of any of the above stipulations a grave crime against the state.

(*o*) The withdrawal or corresponding alteration of all legislative acts, both of national or international scope, infringing the above stipulations.

III. The delegation of the Union is empowered to propose the execution of the above program of complete disarmament as soon as the convention in question comes into force, in order that all the necessary measures for the destruction of military stores be completed in a year's time.

The Soviet Government considers that the above scheme for the execution of complete disarmament is the simplest and the most conducive to peace.

In the case, however, of capitalist states rejecting immediate actual abolition of standing armies, the Soviet Government, in its desire to facilitate the achievement of a practical agreement on complete disarmament, is prepared to make a proposal for complete disarmament to be carried out simultaneously by all contracting states, by gradual stages, during a period of four years, the first stage to be accomplished in the course of the coming year.

National funds, freed from war expenditure, to be employed by each state at its own discretion, but exclusively for productive and cultural purposes.

IV. While insisting upon the views just stated, the delegation of the Union of Socialist Soviet Republics is nevertheless ready to participate in any and every discussion of the question of the limitation of armaments whenever practical measures really leading to disarmament are proposed.

V. The delegation declares that the Government of the Union fully subscribes to the Convention on the prohibition of the application to military purposes of chemical and bacteriological substances and processes, expresses its readiness to sign the Convention immediately while insisting on an early date being fixed for its ratification by all States, and considers that, in order to ensure the practicability of the Convention, it would be necessary to raise the question of the establishment of workers' control over those chemical industries susceptible of being rapidly converted to war purposes in states having a highly developed chemical industry.

Committee of Experts on Civil Aviation

This committee met in Brussels from February 7 to 12 to examine the economic consequences to civil aviation which might be entailed by various systems of limitation of air armaments. The committee was appointed to report to Subcommission B. Harry F. Guggenheim served as the American member.

The committee decided that, in any limitation of air armaments, it was essential to avoid hampering the development of civil aviation.

Civil aviation must in itself be regarded as one of the most important factors of civilization, and its free development should not be hampered by any consideration unconnected with scientific, economic and social progress and of the improvement of international communications. In each of the systems of limitation examined the committee discovered economic disadvantages which, it considered, would hamper the development of civil aviation. The committee, recommended that every effort should be made to establish a definite distinction between civil and military aviation; in this way civil machines would be able to give a maximum economic return and become less and less useful for military purposes.[1]

The Assembly considered this report and confirmed its conclusions in the following resolution on September 26:[2]

Whereas in certain countries there is at present a close connection, from the technical point of view and from the point of view of organization, between the requirements and developments of civil aviation and those of military aviation;

And whereas this connection leads to difficulties in limiting air armaments without hampering civil aviation:

The Assembly,

Declares that it is desirable for this purpose that the development of civil aviation should be directed solely toward economic ends to the exclusion of military interest;

[1] *Preparatory Commission. Subcommission B.* Report No. II, p. 4 (C. P. D. 39. 1927. IX. 3).

[2] *Official Journal*, VIII, p. 1482.

Recommends all states Members of the League of Nations to act as far as possible on the recommendations made in this connection by the Preparatory Commission for the Disarmament Conference;

And requests the Council to instruct the Advisory and Technical Committee for Communications and Transit to consider practical methods likely to facilitate the conclusion of the agreements between aviation undertakings in the various countries which are referred to in these recommendations.

In calling this resolution to the attention of Member states, the Secretary-General forwarded the text of the decisions adopted on first reading by the Preparatory Commission at its third session and which embody the conclusions of the Committee of Experts: [1]

1. If the high contracting parties intervene in any capacity, whether directly or indirectly, wholly or partially, in civil aviation undertakings, they agree that the state organs dealing with the matter shall be quite separate from the organs dealing with military aviation. It is agreed that this undertaking does not prevent the union of civil and military aviation under a single ministry provided that the two subjects are dealt with separately and independently.

2. The high contracting parties shall refrain from prescribing the embodiment of military features in the build of civil aviation material so that this material may be constructed for purely civil purposes, more particularly with a view to providing the greatest possible measure of security and the most economic return.

3. The high contracting parties undertake not to require of civil aviation undertakings that they should employ only personnel specially trained for military purposes.

They undertake to authorize only as a provisional and temporary measure the seconding of personnel to, and the employment of military aviation material in, civil aviation undertakings.

4. The high contracting parties undertake not to subsidize, directly or indirectly, air lines principally established for military purposes, instead of being established for economic administrative or social purposes.

5. The high contracting parties undertake to encourage as far as possible the conclusion of economic agreements between civil aviation undertakings in the different countries.

[1] *Official Journal*, VIII, p. 869.

Committee of Experts on National Defense Budgets

A Committee of Budget Experts met in Paris February 21–26 to examine questions in connection with national defense expenditure and the possibility of drawing up a model statement of such expenditure. The committee in a session beginning June 7 finished its work. This committee was constituted on the proposal of the Joint Commission. Such a model statement of national defense expenditure might make it possible to introduce in a disarmament convention the principle of the limitation of defense expenditure, and afford a means of keeping a watch upon the due observance of the convention with a minimum of interference in the domestic affairs of a country. The trial model statement resulting from the first session [1] was simplified at the second, when the following conclusions were unanimously adopted by the committee:

In consequence of the simplicity of the model statement the committee has drawn up notes explaining how the various headings of the model statement are to be regarded as ideals from which states may deviate to a certain extent, explaining their reasons for so doing.

It is necessary to provide for some system of coordinating the totals in the model statement and the totals in the national defense budgets. It is further necessary on technical grounds to arrange for the coordination of the figures in the model statement with those in the budget according to a uniform plan, but it is for the Governments to decide whether they will forward a coordinating statement to the competent organization.

The committee considers that for any given country the headings of the model statement can be filled in in the same manner every year unless material changes take place in the military organization or in the methods of financial administration of the country in question.

On the other hand, the committee considers that the different headings in the model statement can not in present circumstances be filled in by all the states in precisely the same way, but it hopes that as experience is gained with the model statement these differences will progressively diminish.

[1] *Preparatory Commission. Subcommission B.* Report No. III, p. 19 (C. P. D. 40. 1927. IX. 4).

4. Arbitration and Security

Committee on Arbitration and Security

The Committee on Arbitration and Security met on December 1–3 and adjourned until February 20, 1928. Edward Beneš (Czechoslovakia) was chosen chairman of the commission. Nicolas Politis (Greece) was named rapporteur on security agreements; R. Holsti (Finland) on arbitration agreements, and V. H. Rutgers (Netherlands) for the articles of the Covenant.

The committee was provided for by Sec. 3 of the principal resolution of the Eighth Assembly on the general subject [1] and was appointed by the Preparatory Commission at its fourth session as requested by the Council's resolution of September 27.[2] The committee is composed of representatives of all states represented on the Preparatory Commission, whether Members or non-Members of the League, if the latter desire to sit.

The United States gave as a reason for not participating the inability of the Department of State to negotiate a treaty guaranteeing other states against an aggressor or providing for its joining in the defense of another country. The Soviet Union participated through an "unofficial observer."

The prescribed duty of the committee is "to consider along the lines indicated by the commission, the measures capable of giving all states the guaranties of arbitration and security necessary to enable them to fix the level of their armaments at the lowest possible figures in an international disarmament agreement." The purpose of the committee was stated by the Third Committee of the Assembly in this explanation: [3]

> It is recognized on all hands that the greater the improvement in the conditions of security and the more decided the nature of the first

[1] See p. 77 [237].

[2] *Official Journal*, VIII, p. 1446.

[3] League of Nations, A. 108. 1927. IX. 11, p. 2.

step, the sooner the subsequent steps will be taken. The committee therefore feels that, with a view to reaching definite solutions as quickly as possible, the study of the questions of arbitration and security should be resumed on systematic lines.

The committee also, by Council resolution of September 27,[1] is to consider the plan for insuring financial aid to any state victim of aggression.

Another duty indicated for the committee was included in the Assembly resolution listing methods of work. This suggested that the Council might invite "the several Governments to inform it of the measures which they would be prepared to take, irrespective of their obligations under the Covenant, to support the Council's decisions or recommendations in the event of a conflict breaking out in a given region, each state indicating that, in a particular case, either all its forces, or a certain part of its military, naval or air forces, could forthwith intervene in the conflict to support the Council's decisions or recommendations."

In defining the meaning of this text the Third Committee of the Assembly said:[2]

There is no question of asking the Council to send to states Members of the League a questionnaire regarding their intention in all imaginable cases. The idea which the commission wished to express is that the committee . . . should be instructed to study the form in which the Council should ask the different states to inform it what measures they would be prepared to take to support its recommendations or decisions in certain cases which the said states might indicate. It is understood that states will have all possible liberty to reply in such manner as they think best to these inquiries by the Council.

Aggression and Pacific Settlement

On September 10, after some private discussion with other colleagues, François Sokal of Poland addressed the Assembly and presented a resolution declaring wars of aggression prohibited.

[1] *Official Journal*, VIII, p. 1446.

[2] A. 108. 1927. IX. 11, p. 3.

M. Sokal in introducing the Polish resolution said that "after many endeavors and disappointments, it had been recognized that arbitration in itself did not provide an adequate guaranty of security, and that sanctions could only serve the purpose of completing the establishment of security. Disarmament, according to some, could only be introduced in ratio to the degree of security already obtained. According to others, it was necessary to reverse the natural order of things and bring security out of disarmament. It was under the influence of this last thesis that humanity placed its hopes in the work of the Preparatory Commission for the Disarmament Conference. Was it evidence of wisdom that universal attention should be concentrated on this single solution?

The Seventh Assembly, foreseeing what would happen, had drawn attention, in its resolution of September 25, 1926, to the measures which were liable to create an atmosphere of essential confidence, provided these measures were suitably employed. In his opinion, it was advisable to complete the invitation to conclude treaties of arbitration by a general declaration of confidence in the maintenance of peace of which these treaties were the instrument. This could be done by a universal condemnation of all wars of aggression and by a solemn renunciation of the right ever to resort to this means of settling a dispute, whatever it might be. It would, of course, be objected that this was no more than a repetition of the Covenant, but the Covenant did not exclude war. The intention of the Polish delegation was to ask all the nations to renounce for ever the right to make use of a privilege of which the Covenant had not deprived them, and which was in truth an odious privilege. It must, of course, be understood that the object of this proposal was not to modify in any way the provisions of the Covenant. The only object was to eliminate wars of aggression and not in any way to diminish the just right of legitimate defense, individual or collective sanctions, or obligations resulting from treaties of guaranty and mutual assistance.

Would such an affirmation be merely a repetition? He believed that, at a time when men's minds were filled with doubt, it was particularly useful to repeat a profession of faith, because repetition was calculated to strengthen that faith and not to shake its foundations. It was precisely because there were at present certain difficulties that it was necessary to call forth a great and universal demonstration of confidence which might create a state of mind in which future work in the field of security and peace, and therefore of disarmament, might "be successfully pursued, freed from the noxious influence of doubt, suspicion and mutual recrimination."

The Polish resolution was referred to the Third Committee, where it called forth no objection. It was reported to the Assembly which on September 24 unanimously adopted it in its original form as follows: [1]

The Assembly,

Recognizing the solidarity which unites the community of nations;

Being inspired by a firm desire for the maintenance of general peace;

Being convinced that a war of aggression can never serve as a means of settling international disputes and is, in consequence, an international crime;

Considering that a solemn renunciation of all wars of aggression would tend to create an atmosphere of general confidence calculated to facilitate the progress of the work undertaken with a view to disarmament;

Declares:

(1) That all wars of aggression are, and shall always be, prohibited.

(2) That every pacific means must be employed to settle disputes, of every description, which may arise between states;

The Assembly declares that the states Members of the League are under an obligation to conform to these principles.

Compulsory Arbitration

A proposal submitted to the Assembly by the Norwegian delegation aimed at an optional convention for the compulsory settlement of disputes. On this subject the Third Committee consulted the First Committee, and adopted a unanimous resolution recommending that the question of

[1] A. 119. 1927. IX. 14.

a general convention for compulsory arbitration should be studied by the Committee on Arbitration and Security. The Third Committee included a report from the First Committee and indicated the points for study in its own report.

These, as included in the report adopted by the Assembly on September 24, were as follows:

The committee begs to indicate the following points for inquiry: [1]

(*a*) Means should be sought for encouraging and promoting the acceptance of the optional clause of Art. 36 of the Statute of the Permanent Court of International Justice and the conclusion of special treaties for judicial settlement, arbitration and conciliation.

(*b*) In any investigation into the methods of pacific settlement of disputes between states, special attention should be paid to the procedure of conciliation, which is of the utmost importance.

(*c*) Very special attention should also be given to the question of the relations between the mediatory action of the Council and the Assembly and procedures of arbitration and conciliation.

(*d*) In studying a general convention for compulsory arbitration, inquiry should be made as to how the convention could be given sufficient flexibility to permit the contracting states to adjust the obligations assumed to their particular circumstances.

5. Execution of the Covenant

Operation of Art. 11

The French proposals brought before the Preparatory Commission included the suggestion that investigation be made of methods or regulations which would "enable the Council to take such decisions as may be necessary to enforce the obligations of the Covenant as expeditiously as possible." [2] Under this head a special committee of the Committee of the Council met in London from February 15–17 to study the practical possibility of measures for the prevention of war being taken by the Council under Art. 11 of the Covenant. It drew up a report which was approved by the Committee of the Council, March 14–15,

[1] A. 108. 1927. IX. 11, p. 2.

[2] Point 1 (*b*) of proposals under Question V.

and which came before the Council on June 15. At that time the Council wished to give Member states opportunity to study the proposals.

The Eighth Assembly in Resolution II [1] on Arbitration, Security and Disarmament approved the report, so that the Council on December 6 was able to make the report effective by reenacting that resolution: [2]

The Council,

Having taken note of the report approved by the Committee of the Council on March 15, 1927, with regard to the methods and regulations which would enable the Council to take such decisions as may be necessary to enforce the obligations of the Covenant as expeditiously as possible:

Approves this report and adopts it as a valuable guide which, without restricting the Council's liberty to decide at any moment the best methods to be adopted in the event of any threat to peace, summarizes the results of experience, of the procedure already followed and of the studies so far carried out with a view to the best possible organization of its activities in case of emergency.

The report thus adopted deals with procedure under Art. 11 of the Covenant, which is the provision by virtue of which most disputes come before the Council.

The specific methods are laid down in the adopted report.[3]

The Committee of the Council made some observations on the general measures to be taken to facilitate Council meetings. With regard to specific matters the approved conclusions were: [4]

The committee strongly supports the Transit Committee's proposal that each state should appoint a central service with the necessary powers to facilitate the urgent convening of the Council of the League, the urgent transmission of messages sent in the name of the Council and the rapid transport of such missions as the Council might decide to dispatch. It is of opinion, however, that this precaution should

[1] *Official Journal*, Spec. Sup. No. 53, p. 23.

[2] *Minutes of the 48th Session, Official Journal*, IX, p. 125.

[3] *Official Journal*, VIII, p. 221.

[4] Same, p. 222.

not be confined to states which happen to be members of the Council. . . .

This central service, which should be on duty continuously (day and night, and on holidays) would have to be given power to proceed immediately to take the measures necessary for the organization of special trains, requisitioning of aircraft, etc., and to arrange with other services possessing similar powers in states whose assistance might be required as described above. . . .

The committee warmly approves the statement of the Secretary-General who regards it as his duty to summon members of the Council urgently and without delay in case of serious emergency as laid down in par. 1 of Art. 11. . . .

The committee recommends that the Secretariat should act upon the Transit Committee's proposal that a schedule be drawn up of the principal telegraphic, telephonic and radiotelegraphic routes available, in order that the Secretariat may obtain for its own use and, if necessary, for the use of those concerned information concerning communications between the different capitals.

Interpretation of Art. 16

By one of the resolutions adopted on September 26 the Assembly suggests to the Council that it would be advisable to submit the plan referred to,[1] and the documents relating to Art. 16 prepared by the Legal Section of the Secretariat, the observations submitted by the several Governments and the minutes of the discussions in the Third Committee on this subject, to the committee which it proposes to appoint in pursuance of its resolution relative to arbitration, security and disarmament.

During the fifth session of the Committee of the Council, it was suggested that all resolutions passed by different organizations of the League concerning Art. 16 should be collected and summarized in a single document for further study. The Council passed such a resolution on December 8, 1926, and also requested the Secretary-General "(*a*) to collect systematically precise information regarding the economic and financial relations of the various states with a view to a possible application of Art. 16 of the Covenant . . . ; (*c*) to institute a study of the legal position

[1] Finnish Government's proposal for financial aid, see p. 95 [255].

which would be brought about by enforcing in time of peace the measures of economic pressure indicated in Art. 16, particularly by a maritime blockade; (*d*) to institute a study of the legislation calculated to make it easier for states to apply economic sanctions based on the experience of countries which have already done something in this direction."[1]

The collection of documents called for under (*a*) was published as an Assembly document.[2]

With respect to point (*c*) the Secretary-General under date of May 17, 1927, rendered a report to the Council, which was ordered to be circulated to Members of the League for their observations.[3] The report examines the situation which would be created by a maritime blockade as a measure of economic pressure from the point of view of (*a*) the covenant-breaking state itself, (*b*) Members of the League, (*c*) third states.

The question was examined from the point of view of applying economic sanctions without resort to war and without violating rights under international law. With respect to this attitude, the report states that "from the legal point of view, the existence of a state of war between two states depends upon their intention and not upon the nature of their acts. Accordingly, means of coercion, however drastic, which are not intended to create, and are not regarded by the state to which they are applied as creating a state of war, do not legally establish a relation of war between the states concerned. This would seem to be the case even if . . . third states find it necessary to guide their own conduct by the view that a state of war exists."

(*a*) Attention is called to the fact that a non-Member of the League which has accepted Art. 17, pars. 1 or 3, for the purposes of a particular dispute, may find itself in the condition of a covenant-breaking state. Covenant-

[1] *Official Journal*, VIII, p. 138.

[2] A. 14. 1927. V. 14.

[3] *Official Journal*, VIII, p. 834.

abiding states "are bound by their obligations to the state attacked and to one another to regard the aggressor state as having committed an act of war against themselves and as liable to the sanctions." It would seem "that no illegality is committed against the aggressor state by agreeing to support the state attacked by measures falling short of resort to war or by actually employing such measures. It may be added that the provisions of the Covenant can claim a higher justification than any ordinary treaty of defensive alliance, since they constitute obligations mutually assumed toward one another by the great majority of states for the sole purpose of enforcing the pacific settlement of international disputes."

It would then follow "that the aggressor state has no legal right to demand that the Members of the League shall formally resort to war with it before taking any particular kind of economic measure contemplated by Art. 16." On the other hand, it may be argued that an aggressor Member state "is under a legal obligation to regard any application of the sanctions of Art. 16, however severe, which is made without resort to war as consistent with the maintenance of a state of peace between it and the Members of the League applying the sanctions." These dicta are further analyzed to show the importance of considerations of policy in distinction to those of law.

(*b*) It is pointed out that the position as regards Members of the League themselves is necessarily based upon the fact that each Member state has the faculty of deciding for itself when Art. 16 becomes applicable. It consequently follows that covenant-abiding Members might be divided into two classes, those who consider the *casus fœderis* as having arisen and those which do not consider it to have arisen. The Secretary-General regards the obligation of decision under Art. 16 as several rather than joint. The reasoning, therefore, is that each Member is bound "to recognize the right of the other Members to hold for their part that there has been a breach of the Covenant, and to interrupt intercourse between the peccant state and

the nationals and territory of all other states, including those of the Member itself."

(*c*) The "third states" discussed are those which are not parties to the resort to war which provokes the sanctions and are not Members of the League. "It is with regard to such states that the most delicate legal questions will arise in connection with the application of economic sanctions, particularly if they are applied without declaration of a state of war against the aggressor state." With respect to third states, it is pointed out that they are under no treaty obligation to acquiesce in the measures contemplated by Art. 16, and that the Covenant does not impose on "Members of the League an obligation to violate the rights of a third state." Moreover, "a treaty must be assumed to be intended to be interpreted subject to the rights of third states under international law." It is consequently held to be "prudent to conclude that, in applying the economic sanctions of Art. 16 without resort to war, the Members of the League must fully respect the rights of third states."

The hope is expressed that third states would adopt a benevolent attitude toward action against an aggressor which has committed an illegal act by violating its treaty obligation under the Covenant. Respecting the relative position of Members and non-Members, the report says:

> On the other hand, it must not be ignored that, in acting under Art. 16, the Members of the League are not asserting or defending their own selfish interests but, at the cost of loss and inconvenience to themselves, are carrying out a treaty obligation designed to maintain the peace of the world by enforcing pacific settlement of international disputes; and that the success of the League in realizing this policy of pacific settlement, and its success in enforcing it against states which refuse compliance, are matters in which the peaceful third state may itself be considered to have an interest. It is, therefore, unnecessary to assume that, when the occasion arises, third states will necessarily take the same view of their rights under international law as they might be expected to take in the case of a war, or of a resort to measures of economic pressure without declaration of war, by a state or groups of states pursuing their individual interests against another state or states. While it is not safe to rely in theory, and

in advance of the event, upon this possibility, there must be held to be a possibility that third states, even if their active cooperation is not secured, may recognize such adaptation of the traditional rules of international law as experience may show to be necessary to render the application of Art. 16 effective.

The report concludes with certain detailed considerations of the effect of measures which might be taken by a Member of the League within its own territory, and in regard to its own nationals, and also of measures applicable outside its territorial jurisdiction.

Financial Assistance

The Finnish delegation to the Preparatory Commission at its first session submitted a proposal [1] that "the Council should undertake the examination of special arrangements whereby a reduction of armaments agreed to by states unfavorably placed . . . might be compensated in order to meet their requirements for security." On September 4, 1926, the Council referred the proposal to the Committee of the Council, which recommended its reference to the Preparatory Commission.[2] This was done, but the Secretary-General, "having regard to the financial assistance provided for in Art. 16 of the Covenant," was also asked to have the Financial Committee consider it.[3]

Suggested Mechanism of Guaranty. The Financial Committee examined the question at its sessions in March and June, 1927, and the Council on June 17 decided to send the report on the subject to states Members of the League.

In working out a plan the Financial Committee left out of account whether such a scheme should be adopted and the conditions under which it might be accepted. In general the committee said: [4]

[1] *Documents of the Preparatory Commission. . . .* Series II, p. 127, 128 (C. 425. M. 158. 1926. IX. 7).

[2] *Official Journal*, VIII, p. 224.

[3] Same, p. 137.

[4] Same, p. 922–924.

Several schemes have been submitted to the committee and have assisted it in seeing the problem from every point of view. Some of these, however, are based on principles which the committee considers would in practice present great difficulty.

For instance, the committee is of opinion that all schemes which aim at the accumulation of funds in time of peace should be excluded, owing not only to the reluctance of governments to lock up funds, but also to the practical difficulty of deciding how and where the funds should be invested and how such investments could be rapidly realized in times of stress. It would be equally impracticable for the League itself to raise loans. Nor is it likely that a system of direct subsidies would be workable.

The only scheme which seems to the Financial Committee to afford a practical basis would be the system — which incidentally has the advantage of experience and proved success — of assisting a country victim of aggression which might otherwise find difficulty in borrowing, by the association in its financial operations of Members of the League.

Approval by Assembly. The Assembly's Third Committee discussed favorably on September 22 a draft resolution approving the work already done. The committee's debate [1] was extended, bringing national points of view definitely to light. The Assembly passed the following resolution unanimously on September 26:

The Assembly,

Having taken note of the plan submitted to the Council by the Financial Committee with regard to the Finnish Government's proposal for insuring financial aid to any state victim of aggression;

Being convinced of the need for a system of financial aid for contributing to the organization of security, which is an indispensable preliminary to general disarmament:

Requests the Council to continue its examination of the plan, which the committee declares to be necessary, and to prepare and complete it with a view to its final adoption either by a Disarmament Conference or by a special conference to be convened for the purpose.

Communication with Geneva

The French proposal made to the Preparatory Commission under Question V (*b*) in 1926 included facilitation of the meeting of the Council in cases of emergency and of

[1] *Records of the Eighth Assembly. . . . Meetings of Committees. Minutes of the Third Committee*, p. 59 (*Official Journal*, Spec. Sup. No. 57); separately as C. P. D. 94, 1927. IX. 16.

the physical means — telegraphic, railroad, etc. — of insuring rapid communication with the Secretariat. The resolution was referred to the Committee of the Council, which reported on it after its fifth session, December 1–4, 1926. The questions relating to communications were the subject of a report by the Advisory Committee on Communications and Transit,[1] which was circulated to Member states for their remarks.[2] This committee at its August session rendered a second report,[3] which contained further suggestions and indicated supplementary measures for examination. The Council on September 8 laid the report before the Assembly, which on the recommendation of its Third Committee passed a resolution summarizing the situation.

The situation on each of the points mentioned at the close of 1927 was:

Telephonic Communication. Satisfactory between Geneva and Paris, Berlin, Prague, Brussels, The Hague, Copenhagen, Oslo, Stockholm; to be so immediately with London, Vienna and Budapest. Details of conditions elsewhere reported (*Official Journal*, VIII, p. 1283).

Aircraft. A special expert committee examined landing facilities at Geneva on July 23–25 and is continuing its work.

The International Commission for Air Navigation had assigned a special mark for identifying aircraft, if the League should ask for it. This consists of a horizontal black bar drawn across the nationality marks at one-third of their height and of their width. A wireless call consisting of the aircraft's nationality and registration marks separated by a special symbol was assigned. The commission is studying the position of aircraft used by the League and not registered by any state (*Official Journal*, VIII, p. 1282).

Wireless Station. A group of experts were consulted on the subject of establishing a wireless station for the use of the League and they made a preliminary survey of a

[1] *Official Journal*, VIII, p. 226.

[2] Same, p. 1285.

[3] Same, p. 1280.

technical character before the Assembly session (*Official Journal*, VIII, p. 1284). They were later constituted into a committee and met from January 26–28, 1928, at Geneva when a detailed description of the technical features of the station were drawn up.

6. Private Manufacture of Arms

A committee of inquiry in 1926 presented to the Committee of the Council a preliminary draft convention on the supervision of the private manufacture of arms and munitions of war and concerning the publicity of such manufacture.[1] On December 9, 1926, the Council referred this draft to a special commission composed of representatives of Members of the Council, of the United States and of the Soviet Union.[2] The United States accepted the invitation.

The Special Commission for the Preparation of a Draft Convention on the Private Manufacture of Arms and Ammunition and of Implements of War met at Geneva March 14–April 25,[3] under the chairmanship of Count von Bernstorff (Germany). The commission after an exchange of views set up a subcommission with instructions to prepare, as a basis of discussion for the commission, a new text taking into consideration amendments proposed by the American, Belgian, British, Italian, Japanese and Netherlands delegations. It was, however, unable to submit a single text owing to fundamental differences of opinion in regard to the very principle of supervision, certain delegations aiming at the supervision of the private manufacture alone, others contending that such supervision should be reinforced by publicity on state manufacture as well.

Consequently, the commission decided to forward to the Council a preliminary draft of the alternate texts compiled by its subcommission, and to draw attention to the close

[1] A. 47. 1926. IX. 8.

[2] *Official Journal*, VIII, p. 148.

[3] Same, p. 846.

connection between this question and that of disarmament in general. It further recommended that the Council should pursue its study of the question of the private manufacture of arms on parallel lines to the work of the Preparatory Commission for the Disarmament Conference.

At the outset the United States delegation stated that, as the convention would be supplementary to the one on supervision of the international trade in arms,[1] there was no reason to distinguish between arms exported and those manufactured. "The whole field of production of arms, both governmental and private, must be submitted to the same degree of pitiless publicity if the avowed purposes of this convention are to be attained."

The Council approved the report on June 15 and provided for the continuance of the commission.[2] In the course of the discussion, the rapporteur remarked that the commission had developed two points of view. One view favored strictly confining the problem of private manufacture within the limits laid down by the Covenant, the other favored the inclusion of the question of state manufacture in the general problem of arms manufacture, in the same way as, in the convention for the supervision of the trade in arms, the question of state trade had been settled at the same time as that of the private trade. The rapporteur pointed out that the United States made its participation in the discussions conditional upon the inclusion of both questions.

The Eighth Assembly urged the convening of a conference as speedily as possible because of "the importance it attaches to the establishment of a convention which would enable nonproducing and producing countries to be placed on an equal footing," and "that the establishment of a convention for the supervision of private manufacture and the publicity regarding manufacture is of the highest importance for the putting into force of the convention on the international trade."

[1] A. 13. 1925. IX, p. 29, for *Convention for the Control of Trade* . . . September 10, 1919, see *Treaty Series*, VII, p. 332.

[2] *Official Journal*, VIII, p. 767.

V. SETTLEMENT OF DISPUTES

German Minorities in Upper Silesia

The Polish Government on February 11, 1927, forwarded to Geneva a petition from the Deutscher Volksbund of Polish Silesia concerning the exclusion of children from the German minority schools in the territory. The appeal was made to the Office of Minorities at Kattowitz and claimed redress under Arts. 149–157 of the Geneva convention of May 15, 1922, establishing the present régime in Upper Silesia.

The facts in brief were:

The entries for the German minority schools for the school year 1926–27 numbered roughly 8,650. The Polish school authorities, considering that there had been an abuse of the right of application — due either to ignorance or to pressure — ordered an administrative inquiry. The persons responsible for the education of the children had to state the mother tongue of the children and again to declare whether they desired to enter their children for the German minority school or the Polish majority school. As a result of the inquiry, the Polish authorities canceled for various reasons, 7,114 entries for the German minority schools. In most cases this measure was based either on the conclusion that the children entered did not belong to the German minority (5,205 pupils), or on the fact that the persons responsible for their education had not complied with the summons to attend the inquiry.

The Deutscher Volksbund protested against these measures and demanded that the children in question should be immediately admitted to the German minority schools. This petition was referred to the president of the Upper Silesian Mixed Commission, who on December 15, 1926,[1] gave an opinion that the institution of a general

[1] *Official Journal*, VIII, p. 491.

hearing of persons who had entered children for the German schools, in order to verify their statements, was not justified under the Germano-Polish convention, and that certain entries had been wrongfully canceled. He further stated that the question whether a child should attend a minority school depended solely upon the wishes of the person legally responsible for the child's education. From the educational standpoint he considered it a mistake to send children who did not understand German to a German school. This problem could only be solved by an agreement, outside the scope of the convention, between the competent authorities and the Deutscher Volksbund.

The prefect of Silesia saw no possibility of complying with the opinion in full, but held it his duty to accede to the legitimate claims of the German minority in Polish Upper Silesia in respect of educational facilities. He was prepared to discuss matters with the interested parties, with a view to affording them satisfaction within the limits compatible with the letter and the spirit of the Germano-Polish convention, and with his primary duty of safeguarding the supreme interests of the state and of the population as a whole.[1]

This statement did not satisfy the Deutscher Volksbund, whose appeal to the Council was accompanied by observations by the Polish Government.[2]

The Polish Government agreed that under the Germano-Polish convention the statements of the person legally responsible for the education of a child should not be disputed in respect of its language, but control of the truth of such statements was not contrary to the convention. To proceed without inquiry would result in "an abuse of right" detrimental to children placed in schools where teaching was in a language they did not know. The purpose of the inquiry was to obviate such an abuse, for the control of which Poland was ready to consider any other method. The minority schools were intended solely for the minority,

[1] *Official Journal*, VIII, p. 490.

[2] Same, p. 482.

the identification of which was the essential task of the inquiry which had been held. Poland wished for an agreement that would consider the needs of the minority in conformity with the provisions of the Geneva convention, and the necessity of getting rid of all abuses by application of the principle that the sole object was the protection of minorities.

Council Action. On March 8 the Council heard a preliminary statement by its rapporteur, F. J. Urrutia (Colombia), and requested him to study the question with the assistance of the Netherlands and Italian representatives.[1]

At a public meeting on March 12, M. Urrutia submitted, on behalf of the committee, a draft resolution which was adopted by the Council.[2]

The report contained an arrangement settling both the general question and certain specific cases concerning three minority schools.[3]

Under this arrangement the Council noted the Polish Government's statement that children had been admitted to the minority schools whose mother tongue, according to the declarations made by the persons legally responsible for their education, was German. It directed the Polish Government's attention to the great importance of not insisting upon the measures taken by its local authorities to exclude from the minority schools children whose parents did not comply with the invitation to appear at the inquiry. It was inexpedient to admit to minority schools children who spoke only Polish. The Council instituted a system of inquiry into concrete cases which appeared doubtful to the Polish local school authorities to ascertain whether or not the child speaks the "school" language. The inquiry will be under the supervision of the president of the Upper Silesian Mixed Commission, assisted by a Swiss expert in educational matters. The arrangement should be regarded

[1] *Official Journal*, VIII, p. 376.

[2] Same, p. 400.

[3] Same, p. 403, 592.

as an exceptional measure designed to meet a *de facto* situation not covered by the Germano-Polish convention, and should not be interpreted as in any way modifying the provisions of that convention. One paragraph read:

> A similar system of control might also be applied in the case of any fresh demands for the admission of children that may subsequently be received from persons legally responsible for their education when such cases appear doubtful to the Polish authorities.

On October 18, the Polish Government asked the Council rapporteur to decide whether the system was to apply to 735 children of the school year 1927–28, who, in the opinion of the local authorities, did not understand German. After consulting the Italian and Netherlands representatives, with whose assistance he had drawn up the March arrangement, the rapporteur, M. Urrutia informed the Polish Government that he considered the arrangement might apply to the 735 children mentioned, but was not intended to be permanent. The German Government then asked the Council to make clear that its March resolution was not applicable to future demands for admission to the minority schools. The German representative had accepted this arrangement as an exceptional measure applicable only to an exceptional situation, and on the understanding that, if the question were again raised, he would have to press for a final decision on the legal point involved.

On December 8, the German representative submitted to the Council that the time had come to clear up finally the legal question, and added that his Government intended to apply, under the Upper Silesian convention, to the Permanent Court of International Justice for an interpretation of the provisions of that convention in this respect. The Council took note of this statement.

It was agreed [1] that the examinations for 1927–28 should continue, and that the ruling of the Court should decide

[1] *Official Journal*, IX, p. 156.

whether children, transferred to Polish schools as a result of the examination, should ultimately be admitted to the minority schools.

Hungaro-Rumanian Mixed Arbitral Tribunal

The Rumanian Government, having decided on February 24 that its arbitrator would no longer sit on the Mixed Rumanian and Hungarian Arbitral Tribunal (established by Art. 239 of the treaty of Trianon) in agrarian cases brought forward by Hungarian subjects, submitted to the Council under Art. 11, par. 2, of the Covenant, a request to be allowed to acquaint the Council with the reasons on which its attitude was based. The Hungarian Government asked the Council to appoint, in accordance with the treaty, two deputy members in order that the tribunal might be able to continue its work.

The question thus brought before the Council was another phase of the difficulties concerning Hungarian optants in Transylvania and the application of the Rumanian agrarian law to them.[1] The interests of the optants had been the subject of questions submitted to the Conference of Ambassadors in 1922 and to the Council of the League in 1923. A resolution of the Council of July 5, 1923,[1] settled that phase of the dispute. A number of optants brought their cases before the Mixed Tribunal. In 1925 Rumania filed an objection to its jurisdiction but on January 10, 1927,[2] it declared itself competent in virtue of Art. 250, par. 3, of the treaty of Trianon. On February 24, Rumania informed the tribunal that it refrained from making a reply, withdrew its arbitrator and requested the Council to permit it to explain this decision.

On March 8 [3] the Council [2] heard detailed statements on the subject by the Rumanian and Hungarian representatives. The Council requested Sir Austen Chamberlain

[1] *Official Journal*, IV, p. 907; *Yearbook*, 1925, this Series, Vol. VIII, p. 442.

[2] Emeric Kulin père c. État roumain and dissenting opinion, *Recueil des décisions des Tribunaux arbitraux mixtes*, VII, p. 138 and 151; see also the decision at p. 128.

[3] *Official Journal*, VIII, p. 350–372.

(British Empire), assisted by Viscount Ishii (Japan) and M. Enrique Villegas (Chile) to make a thorough study of the matter and report at its next session. On June 16 Sir Austen Chamberlain informed the Council [1] that the committee had had two conversations with the Hungarian and Rumanian representatives, and had requested them to ask their Governments to make a further examination of the question.

The Council devoted four public meetings [2] on September 17 and 19 to discussion of the report which the British representative, Sir Austen Chamberlain, submitted on behalf of the Committee of Three. He traced the successive phases of the affair as brought before the Conference of Ambassadors, the Council and the Mixed Rumanian and Hungarian Arbitral Tribunal up to the moment when the Committee of Three was asked to examine it. The committee conferred with the Rumanian and Hungarian representatives in May, June and September, in London and Geneva. As a result the problem before the committee and the Council was defined as that of finding a solution which would allay discontent with respect to the matter as a whole.

The parties had not accepted formulas for settlement proposed by the committee in June. In September the Hungarian representative renewed the offer made in March that the question of jurisdiction of the Mixed Arbitral Tribunal should be referred to the Permanent Court of International Justice, but declared that it was unable to make new concessions. This offer was not accepted by the Rumanian representative who in his turn submitted certain formulas based on the proposals made by the Committee of Three with a view to compromise. These formulas were rejected by the Hungarian representative.

The Committee of Three then submitted to eminent legal authorities the question whether the Mixed Arbitral

[1] *Official Journal*, VIII, p. 790.

[2] Same, p. 1379–1414.

Tribunal was "entitled to entertain claims arising out of the application of the Rumanian agrarian law to Hungarian optants and nationals," and, if so, "to what extent and in what circumstances is it entitled to do so." The conclusion reached was that the jurisdiction of the Mixed Arbitral Tribunal extended to cases in which "the property of a Hungarian national suffered retention or liquidation or any other measure of disposal under the terms of Arts. 232 and 250 as a result of the application to the said property of the Rumanian agrarian law and if a claim were submitted with a view to obtaining restitution." The committee continued:

> Since these considerations show that the claim of a Hungarian national for restitution of property in accordance with Art. 250 might come within the jurisdiction of the Mixed Arbitral Tribunal even if the claim arises out of the application of the Rumanian Agrarian Law, we shall proceed to the definition of the three following principles which the acceptance of the treaty of Trianon has made obligatory for Rumania and Hungary.
>
> 1. The provisions of the peace settlement effected after the war of 1914–18 do not exclude the application to Hungarian nationals (including those who have opted for Hungarian nationality) of a general scheme of agrarian reform.
>
> 2. There must be no inequality between Rumanians and Hungarians, either in the terms of the agrarian law or in the way in which it is enforced.
>
> 3. The words "retention and liquidation" mentioned in Art. 250, which relates only to the territories ceded by Hungary, apply solely to the measures taken against the property of a Hungarian in the said territories and in so far as such owner is a Hungarian national.

The Committee of Three proposed that the Council should request the two parties to conform to these principles, and should request Rumania to reinstate its judge on the Mixed Arbitral Tribunal. The report, moreover, contemplated the consequences entailed for the parties, in the event of a refusal by one or both of them to accept these proposals.

At the four public meetings of the Council, the Hungarian and Rumanian representatives made various statements of their point of view.

Count Apponyi declared that he could not accept the second point, and that he did not recognize the legal value of the principles set forth in the report. In his opinion, the Council could neither impose them upon the parties, nor attach sanctions to their nonacceptance. He renewed his proposal that the Permanent Court of International Justice should be asked for an advisory opinion on the question whether the Mixed Arbitral Tribunal had exceeded its powers. He suggested that the opinion of the Court should also be sought as to whether the three principles had, in whole or in part, been rendered obligatory for Rumania and Hungary by the acceptance of the treaty of Trianon.

The Rumanian representative said that the acceptance of conclusions of the report would make possible arbitration between the parties; that he approved the principles and accepted them, provided that the Hungarian representative also did so.

The members of the Council in general felt that the proposals of the Committee of Three constituted a basis for a friendly settlement between the parties.

The Council, with the exception of the parties, decided,[1] on the proposal of its president, to adopt the report of the Committee of Three up to, and including the recommendation concerning the invitation to the parties to conform to the principles enumerated in the report, but not including a recommendation to be addressed to the Rumanian Government to reinstate its judge and the consequences to be attached to a refusal by the parties to accept the report. The Council invited the representatives of the parties to bring the recommendations of the committee and the debates of the Council to the knowledge of their Governments.

In reply to this invitation, the Hungarian Government informed the Secretary-General on November 21 that, after a further study of the text, it was still unable to accept. To render agreement possible on another basis, it had

[1] *Official Journal*, VIII, p. 1411, 1413.

recently submitted to the Rumanian Government a proposal for a practical solution of the affair. On November 23 the Rumanian Government informed the Secretary-General that it accepted the report as a whole, with its conclusions.

This question figured on the Council agenda for December. As the Rumanian foreign minister, Nicolas Titulesco, was ill, the rapporteur, Sir Austen Chamberlain, wired in his own name advising him not to undertake the journey to Geneva. On December 5,[1] after an exchange of views, the Council addressed a telegram to M. Titulesco, to the same effect, reserving all rights.

The question will come up again before the Council at its 49th session in March, 1928.

Memel Elections

On May 24 the German Government, in virtue of Art. 17 of the Memel convention, drew the attention of the Council to a petition signed by leading inhabitants of Memel, alleging infringements by Lithuania of the autonomy of the Memel territory.[2] The German Government requested that this matter be included in the agenda of the Council. The Lithuanian Government asked that the question be adjourned.

Negotiations took place between the representatives of the two Governments concerned, M. Voldemaras and Dr. Gustav Stresemann and the results were communicated to the Council on June 15.[3]

The Lithuanian prime minister, Professor Voldemaras, recalled that the Council in September, 1926, had revised the procedure to be followed in bringing to its notice alleged infractions of the statute. This decision imposed on the Lithuanian Government the strict duty not to fail in the fulfilment of any of its obligations. The Lithuanian Government had no intention to leave the Territory of

[1] *Official Journal*, IX, p. 110.

[2] Art. 17 reads: "The high contracting parties declare that any Member of the Council of the League of Nations shall be entitled to draw the attention of the Council to any infraction of the present convention."

[3] *Official Journal*, VIII, p. 772.

Memel without popular representation. It was fully conscious of its duty and of its responsibilities. The Government would, in consequence, take the appropriate measures for holding elections to the Diet at the latest by September, 1927.

Further, the main difficulty which had delayed the holding of elections had been overcome. Disputes as to who was included in the electorate had now been settled. The electorate, as far as the forthcoming elections were concerned, would be composed of Lithuanian nationals, who, in conformity with the provisions of Art. 7 and the following articles of the Civil Code (BGB), had established themselves in the Territory of Memel. It was obvious that the electorate might be modified for future elections by a law for which provision had been made in Art. 8 of the Memel Statute.[1]

So far as the autonomy of the Memel Territory as defined in its charter was concerned, the Lithuanian Government, was firmly resolved to do all in its power to make it operative and allow it to develop on democratic lines as regards the electorate, the position of the Chamber and the formation of the Directory.

The German representative, in consideration of the statement M. Voldemaras, did not insist on further discussion of the question at the June session. He hoped that the measures which the Lithuanian Government had announced would bring about as soon as possible a situation in conformity with the Memel Statute.

Sir Austen Chamberlain, on behalf of the Council, noted the declaration of the Lithuanian representative, which had spared the Council the necessity of going into this question. The question was withdrawn from the agenda.

The Cruiser Salamis

On June 24, the Greek Government,[2] in a letter addressed to the Secretary-General, submitted to the Council a

[1] League of Nations, *Treaty Series*, XXIX, p. 86.

[2] *Official Journal*, VIII, p. 1351.

request for an official interpretation of Arts. 190 and 192 of the treaty of Versailles, by any means at its disposal, such as a request to the Permanent Court of International Justice for an advisory opinion. These articles deal with the prohibition of construction and export by Germany of warships and naval material.

The case concerns a contract concluded August 12, 1912, and an additional agreement signed [1] December 23, 1912, by the Greek Government with the Vulkan Works for the building of a cruiser bearing the name of *Salamis*. The Greek Government's request referred to a matter pending before the Greco-German Mixed Arbitral Tribunal, the Greek Government having applied to this tribunal in order to obtain a decision canceling the contracts it had signed with the Vulkan Works of Stettin.

In accordance with the Greek request, the question was included in the agenda of the 40th session of the Council, to which the German Government submitted a memorandum stating that it was unable to find any reason why the Council should take up this case. The Council heard the representatives of both parties on September 15.[2]

The Greek representative, M. Politis, said that there was a difference of opinion between his Government and the German Government on the meaning of Arts. 190 and 192 of the treaty of Versailles and regarding the competent authority for the interpretation of the treaty on that point. His Government considered that this difference constituted a preliminary question connected with the private case laid before the Mixed Arbitral Tribunal, and that this preliminary question should be settled by the League. M. Politis gave a historical summary of the negotiations with the Vulkan Works; proceedings before the Mixed Arbitral Tribunal and the application to the Conference of Ambassadors, concluding that the *Salamis* affair was essentially a public and not a private question. The Council, which had inherited the powers of investigation and control

[1] Texts of contracts, *Official Journal*, VIII, p. 1353–64.

[2] Same, p. 1338–76.

formerly exercised by the Conference of Ambassadors, should seek the opinion of the Permanent Court of International Justice on the meaning of Arts. 190 and 192 of the treaty of Versailles.

The German representative, Dr. von Schubert, stated that in his Government's opinion, there was no reason why the Council should be considered competent in this matter. The case was a question of private law between the Greek Government and a German limited company with regard to the execution of a private contract, and one which the Mixed Arbitral Tribunal alone had the right to decide.

The rapporteur, M. Urrutia (Colombia) observed that the question was difficult and demanded careful study. On his proposal the Council appointed the representatives of Italy and Japan to assist him in preparing his report. On September 28 he proposed [1] that the Permanent Court of International Justice should be requested to give an advisory opinion on the question whether the Council had competence to give effect to the Greek Government's request for an official interpretation of Arts. 190 and 192 of the treaty of Versailles. After a protracted exchange of views between the rapporteur and the German, Greek, Netherlands, Finnish, British, Italian, French and Japanese representatives, the Council decided to adjourn the question to December on account of its complexity and the important legal points involved.

In the interval the legal advisers of the Members of the Council studied the legal aspects of the matter.

The Council [2] on December 12 adopted the report of the legal advisers and instructed the Secretary-General to write to the president of the Greco-German Mixed Arbitral Tribunal in the sense indicated in paragraph 8 of the report:

> In view of the importance of the principle that the Council should not take any action which could be misinterpreted as an encroachment on the sphere of an international tribunal which has been duly seized

[1] *Official Journal*, VIII, p. 1455.

[2] Same, IX, p. 178, 180.

of a question, it would be courteous for the Council to address a communication to the Mixed Arbitral Tribunal informing the tribunal that, if it should judge it to be desirable that an interpretation of Art. 192 (and 190, if that article is considered relevant) should be obtained by way of an advisory opinion by the Permanent Court of International Justice and should address a communication to the Council to that effect, the Council would defer to such a desire.

Lithuanian-Polish Relations

On October 15, 1927, the Lithuanian Government appealed to the President of the Council under Art. 11 of the Covenant against expulsion by Polish authorities of certain individuals from the Vilna region. The Lithuanian letter stated that the Polish Government had intended by way of reprisals to close the Lithuanian schools in the Vilna district, and that indirect negotiations had been going on concerning the subject for some time. Early in October a Polish press campaign on the subject had broken out, and on October 14 twelve adults had been exiled to "independent Lithuania." The question came before the Council on December 7.

The tension between the parties in open press discussion rapidly developed into a fundamental debate on Lithuanian-Polish relations. Both these states resulted from the World War, and their affairs had been intermittently before the Council since September, 1920. At that time all their frontiers were not delimited, and Lithuania had not yet been admitted to the League. In the course of disputes over the frontier area, General Zeligowski of the Polish army, acting without orders and as a rebel, occupied the city of Vilna. For two years the Council struggled with the problem thus created without being able to give it final solution. The Vilna region remained in Polish territory, according to Warsaw; while the Lithuanian Government, having placed a provision in its constitution that the capital of the country was Vilna, declined to accept either the decisions of the Conference of Ambassadors or resolutions of the Council adverse to that contention.

By a Polish decree of March 24, 1922, the disputed territory was annexed to Poland.

In 1920 there had been hostilities between Lithuania and Poland, and a *modus vivendi* had been signed on October 7, 1920,[1] at Suvalki. Owing to the continued dispute [2] between the two countries respecting Vilna, they had not, in the interval, brought their relations closer to normal. Lithuania regarded itself as remaining in a state of war with Poland, and both states kept the frontier closed by troop patrols, between which clashes were frequent. This condition continuing for seven years had developed into a tension which was not lessened by the fact that dictator governments ruled in both capitals in October, 1927.

After the Lithuanian requests of October 15 and 24 to Geneva, the two Governments actively began laying their cases before the world. The Lithuanian appeals were automatically sent by the Secretary-General to all Members of the League. Poland sent a note to all Governments on its own account late in November, in which it declared that it had no aims "against the political independence and territorial integrity of the Lithuanian Republic, and its sole desire is to establish with the Lithuanian Government in the most pacific spirit normal relations of good neighborship." As the Council session set for December 5 approached, both Governments issued daily statements to the press in which they argued their sides. The result was that it was much more than the technical complaint of Lithuania that was actually under discussion in Geneva.

Marshal Pilsudski, the actual head of the Polish Government, and Premier Voldemaras of Lithuania both went to Geneva. On Monday, December 5, there were extensive conversations by both the Lithuanian and Polish ministers of foreign affairs with Foreign Minister Briand, the representative of France on the Council, and Foreign Minister Stresemann, the German representative. On the evening

[1] *Treaty Series*, VIII, p. 181.

[2] See *Yearbook*, Vol. VIII, p. 428; *Seventh Yearbook*, Vol. X, p. 205.

of December 6, M. Briand convened a meeting of the representatives of France, Germany, Great Britain, Italy, and Japan privately in his hotel, where they compared notes of their conversations with the two contestants. During the morning, the Lithuanian and Polish foreign ministers again saw Messrs. Briand and Stresemann, who renewed their counsels of moderation.

The technical question before the Council was phrased in the Lithuanian request of October 15, which described and identified as reprisals the "persecutions" of racial Lithuanians in Vilna. Arguing that the actions complained of were reprisals, which are not recognized in constitutional or administrative law, the Lithuanian prime minister concluded that the districts in question were admitted by Poland to be subject to international law, and concluded further that this implied "that the Vilna and Grodno districts are provinces disputed by Lithuania and Poland, the fate of which will not be settled until the two states in question come to an international agreement on that matter."

"While appreciating this public confession by the Polish Government, the Lithuanian Government feels that it is its duty to protest with the utmost energy against the reprisals in question, the justification for which has no foundation whatever." Lithuania stated finally that it had first on incomplete information regarded the persecutions "merely as a violation of the minorities treaty of June 28, 1919. Since then, however, it has acquired the certainty that the Polish Government is putting into operation a far-reaching scheme directed against the very existence of an independent Lithuania. In bringing these facts to the knowledge of the Council of the League of Nations, the Lithuanian Government has the honor to request that, in virtue of Art. 11 of the Covenant, its complaint be included in the agenda of the next session of the Council in order that the legal position be restored and the responsibility of the Polish Government established."

After correspondence with the Secretariat, Lithuania added the specific question with regard to 11 Polish Nationals "expelled by the Polish Government into Lithuanian territory."

Prime Minister Voldemaras of Lithuania opened the case before the Council [1] on December 7.

For Poland M. Zaleski, the foreign minister, stated that the charges against his Government were (1) a violation of the minorities treaty [2] "by ordering the closing of a certain number of Lithuanian schools and the imprisonment of a certain number of Lithuanians;" (2) infringement of the "Concordat concluded with the Holy See by placing under arrest certain Lithuanian priests," and (3) that it had charged the Polish Government with having prepared "a far-reaching scheme directed against the very existence of an independent Lithuania."

The president of the Council, Cheng Loh, the representative of China, proposed M. Beelaerts Van Blokland, representative of the Netherlands, as the rapporteur. He accepted the commission, feeling that his own personal convenience tempted him to decline the difficult problem. Sir Austen Chamberlain, "who had acted as rapporteur in another difficult affair, offered M. Beelaerts Van Blokland his sympathy."

After the meeting, members of the Council consulted in the Secretary-General's office, and it was reported that the British representative conveyed to the Lithuanian premier the information that the Council was unanimous in desiring the cessation of a theoretical state of war. On the afternoon of Friday, December 9, diplomatic conversations took place among the representatives of the Council with a view to bringing about a solution.

The Council itself dealt with the matter at a session held Saturday, December 10, at 10.30 P.M. M. Beelaerts Van Blokland read his report, in which he very briefly reviewed the circumstances presented by the parties in the

[1] *Official Journal*, IX, p. 144.

[2] League of Nations, C. L. 110. Annex. 1927. IB. 2, p. 42.

course of their hearings. He found that to the Lithuanian premier "the expression 'a state of war' implied simply the nonexistence of normal relations between the two countries, as Lithuania's and Poland's political engagements entirely preclude all possibility of hostilities." He did not find that the actual conditions necessitated an inquiry by the League, and expressed the opinion that both parties would have everything to gain by entering into direct negotiations, for which the League and its technical organs would be at the disposal of the parties. The decision which he invited the Council to make "would in no way affect a settlement of the various questions on which the two countries have differences of opinion," including "the rights that the Lithuanian Government claims to have over the territory of Vilna." He submitted the following resolution, which was accepted both by M. Zaleski and M. Voldemaras, and unanimously adopted by the Council: [1]

The Council of the League of Nations:

Declares that a state of war between two Members of the League is incompatible with the spirit and the letter of the Covenant by which Lithuania and Poland are bound;

Takes note of the solemn declarations made by the Lithuanian representative that Lithuania does not consider herself in a state of war with Poland and that in consequence peace exists between their respective countries;

Takes note of the solemn declarations of the Polish representative that the Polish Republic fully recognizes and respects the political independence and territorial integrity of the Lithuanian Republic;

Recommends the two Governments to enter into direct negotiations as soon as possible in order to establish such relations between the two neighboring states as will insure "the good understanding between nations upon which peace depends";

Places at the disposal of the two parties the good offices of the League and of its technical organs should their assistance be desired in the negotiations which it recommends;

Decides that the Lithuanian Government's complaints regarding the treatment of persons of Lithuanian race or speech, referred to in its appeal, shall be examined by a committee consisting of the acting president of the Council and two other members of the Council

[1] *Official Journal*, IX, p. 177.

appointed by him. This committee will report to the Council in due course;

Decides that, in the event of a frontier incident or threat of an incident, the Secretary-General of the League of Nations may, at the request of one of the parties, consult the acting president of the Council and the rapporteur, who shall then advise any steps they consider necessary to bring about a better state of feeling. The Council notes that both parties have agreed to facilitate any inquiry by the League of Nations;

Notes with satisfaction the Polish representative's declaration to the effect that the Polish nationals referred to in the Lithuanian Government's appeal will be authorized to return to Poland without hindrance. In case of unforeseen difficulties, the rapporteur would place his good offices at the disposal of the parties with a view to removing those difficulties.

The Council declares that the present resolution in no way affects questions on which the two Governments have differences of opinion.

The direct negotiations agreed to were not easily effected. It was not until early January that the Lithuanian-Polish frontier was open for any traffic, and the Lithuanian Government both then and later was very insistent that Poland should make the first move on the question of Vilna. In interviews Premier Voldemaras was disposed to contest every point from every angle. Assuming that the Vilna question had been recognized as open by the Council of the League, he made it a condition of any negotiations that Vilna be omitted from the establishment of trade relations, postal communications, and other normal conditions. Early in January when asked whether he desired to establish diplomatic relations with Poland, the Lithuanian premier said that Lithuania would receive a Polish minister, but only in Vilna. Negotiations actually began at Königsberg in March, 1928.

VI. PRESS AND INTELLECTUAL COOPERATION

1. Conference of Press Experts

On March 8 the Council decided to convene a conference of press experts to meet on August 24 at Geneva. Effect was thus given to the proposal submitted by the Chilean delegation to the Assembly of 1925. In carrying out that suggestion the Council, desiring not to interfere in the affairs of the press and to interest itself in them only if the press associations themselves considered its assistance valuable, decided to inquire of the associations concerned whether the convocation of a committee of experts was opportune. The press groups of some 30 countries replied to the Secretary-General's inquiry, several formulating concrete suggestions.

The Council examined these replies and summoned to Geneva, January 24–26, 1927, members of the International Association of Journalists Accredited to the League of Nations, to draw up a report embodying recommendations and suggestions concerning the exercise of their calling in foreign parts and the facilities they considered it necessary to obtain in order to carry out their task. This report was communicated to the foreign press associations for their observations. Paul Scott Mowrer was the American member of this committee.

The Conference of Press Experts met at Geneva from August 24–29 with Lord Burnham in the chair. The conference was attended by 63 experts, 20 assessors and 35 technical advisers, from 38 countries, members and non-Members of the League, representing not only the different continents, but also the various categories of press interests — newspaper proprietors, news agencies, press bureaus and journalists. Its debates resulted in the adoption of resolutions which cover a large part of the technical work of the press.[1]

[1] *Conference of Press Experts. . . . Final Resolutions . . .* (A. 43. 1927. 8).

The object and scope of the resolutions were defined in the declaration of the preamble:

> [The conference] adopts the following program in order that journalists may have every facility in residing, traveling, securing news and improving their professional equipment, and that news itself may be free at the source, expedited in every possible way in its transmission, protected before and after publication against unfair appropriation, and given the widest possible dissemination, to the end that the work of the press may be made more effective in its great and responsible mission of accurately and conscientiously informing world public opinion and hence of contributing directly to the preservation of peace and the advancement of civilization.

On the whole the resolutions fell into categories. The first category still needed exhaustive technical study, and included press rates, code telegrams, improvements in communications, the conveyance of newspapers and identity cards for journalists. The Council requested the Secretary-General to ask the Organization for Communications and Transit to continue, with the help of press associations interested in these questions, the technical study of this first series.

Reference to Governments. As to the second series, which will depend on the action of Governments for realization, the Assembly in a resolution expressed confidence that "the Council will take the most suitable measures to enlist the sympathetic attention of Governments for the other resolutions adopted by the conference in order that effect may be given to them." The Council on December 7 [1] passed a series of votes by which the Governments were asked what action could be taken on the resolution respecting the protection of news:

> The Conference of Press Experts lays down as a fundamental principle that the publication of a piece of news is legitimate subject to the condition that the news in question has reached the person who publishes it by regular and unobjectionable means, and not by an act of unfair competition. No one may acquire the right of suppressing news of public interest.

[1] *Official Journal*, IX, p. 136.

a. Unpublished News. The conference is of opinion that full protection should be granted to unpublished news or news in course of transmission or publication in these countries in which such protection does not already exist.

It shall be illegal for any unauthorized person to receive for publication or to use in any way for the purpose of distribution through the press, through broadcasting, or in any similar manner information destined for publication by the press or through broadcasting.

There shall be no preferential right in official news issued by a Government or Government Department or by an official representing a Government or Government Department. All such news may be published without restriction in full or in part.

Newspapers, press agencies, press bureaus, and newspaper correspondents and representatives shall have free and equal opportunity of access to and transmission of such news.

b. Published News. In view of the widely differing conditions obtaining in various countries, the conference is of opinion that the question of the protection of published news, whether reproduced in the press or by broadcasting, is one for the decision of the respective Governments concerned, and recommends that any Governments to whom application in this respect is made by its country's press, should sympathetically consider the advisability of granting suitable protection. . . .

Governments were asked what action they intended to take on resolutions respecting professional facilities for journalists, including special resolutions on travel tours, schools for journalists, scholarships, double taxation of journalists living abroad, reductions of fares, equality of treatment for foreign journalists and facilities for inquiry afforded to foreign journalists. The preamble of this series states:

The conference does not ask for the granting or extension to journalists of any favor the acceptance of which would entail the risk of infringing the independence of the press or the free judgment of journalists.

On the other hand, it strongly urges that all possible facilities should in all circumstances be granted to journalists in pursuit of their calling so that they may fulfil their duties more thoroughly and rapidly both in acquiring and transmitting news.

The conference further desires that similar and appropriate facilities should be granted to the national and international organizations of the press in the discharge of their professional functions.

A resolution on repressive measures against journalists, adopted by the conference by 29 votes to 15 and 8 abstentions, was sent to Governments for their information. It reads:

The conference requests the League of Nations to make the most urgent representations to Governments in order that measures of expulsion or withdrawal of a permit to stay in a country on grounds concerned with the exercise by a journalist of his profession should never be taken without requesting the opinion of a committee of journalists, by which the journalists concerned could be heard.

The Council drew the special attention of Governments to the following passage in the resolution on censorship in peace time:

However, so long as, contrary to the principle of the liberty of the press, censorship still exists in any country, the conference asks for the following minimum guaranties:

1. That telegrams submitted to censorship should be examined by specialists and dispatched with the greatest promptitude possible.
2. That journalists should be informed of the instructions given to these specialists as to enable them to make their own dispositions.
3. That they should be informed of the passages suppressed in their dispatches as well as of exceptional delays in their transmission, and that they should be given the option of sending or withholding telegrams which have been either censored or delayed.
4. That the transmission charges paid in advance for telegrams which have been either censored or delayed should be reimbursed in proportion to the number of words suppressed.
5. That a complete equality of treatment should be granted to all journalists without exception.

Lastly, the Council itself took note of the resolutions dealing with courses for journalists at Geneva, the establishment in newspapers of a special heading on the League of Nations, regional press understandings, and the two following:

Publication or Distribution of Tendencious News. Fully cognizant of the fact that publication or distribution of obviously inaccurate, highly exaggerated and deliberately distorted news or articles is calculated to cause among nations undesirable misunderstandings as well as suspicions detrimental to international peace;

Desirous of promoting the growth of mutual understanding among peoples, necessary for the promotion of world peace;

Participants in this conference express the desire that newspapers and news agencies in the world should deem it their duty to take stringent measures to avoid the publication or distribution of such news or articles, and also should consider active international cooperation for the attainment of this purpose, which is in conformity with the spirit of the League of Nations.

Moral Disarmament. The conference appeals to the press of the world to contribute by every means at its disposal to the consolidation of peace, to combating hatred between nationalities and between classes, as the greatest danger to peace, and to preparing the way to moral disarmament.

2. Organization on Intellectual Cooperation

[For previous work see *Yearbook, 1925*, p. 536; *Sixth Yearbook*, p. 295; *Seventh Yearbook*, p. 323.]

The ninth session of the Committee on Intellectual Cooperation was held at Geneva July 22–26, being preceded by meetings of various subcommittees, which began on July 4. The committee also sat as Governing Body of the International Institute of Intellectual Cooperation, examining the work and financial administration of the Institute during the past year and its program for the coming year. It reelected as chairman Professor H. A. Lorentz (Dutch), who has since died, and as vice-chairman Professor Gilbert Murray (British). J. David Thompson replaced Robert A. Millikan as the American member. Aikitu Tanakadate took his seat as the Japanese member.

The Eighth Assembly in its resolution declared that the reports made to it "show that the Intellectual Cooperation Organization has now in hand a large number of definite and practical undertakings of international cooperation in regard to various scientific, artistic and literary activities, and that results have already been obtained."

By informal reference the activities in the field of intellectual cooperation are now regarded as a technical organization. Included in its scope are to be understood the International Committee, the International Institute, their respective secretariats at Geneva and Paris, the

independent special committees for definite objects, to all of which are assimilated the National Committees and the National Delegates of the separate cooperating countries.

National Committees

The national committees were increased by two during the year ending July, 1927. A Netherlands committee was organized and the American committee was completed. Reorganization of several was effected. The 32 committees as a whole, the Assembly recorded, were increasing in activity. "Regular cooperation," it said, "between well-organized National Committees and the International Committee is of ever-increasing utility to the work of intellectual cooperation. The Assembly would therefore . . . invite states Members of the League which have not already done so to consider the possibility of providing the necessary funds to meet the expenses of their respective National Committees."

Intellectual Workers

The International Labor Office notified the League on April 27 of the constitution of an Intellectual Workers Advisory Committee whose work would have some points of contact with that of the committee. The new committee would include three members chosen from the Governing Body of the International Labor Office and two members of the Committee on Intellectual Cooperation, provided that the Council concurred. In the Council report on June 14 [1] M. Briand alluded to the economic and technical difficulties encountered by intellectual workers, particularly since the war and expressed his conviction that the initiative taken to remove these difficulties would be gladly welcomed. The Council requested the Committee on Intellectual Cooperation to place the question on its agenda and to consider what lines of demarkation should be

[1] *Official Journal*, VIII, p. 761.

established between its own program and that of the new organization whose duties and powers must also be laid down. Messrs. Destrée and Einstein were designated by the International Committee to take part in the work of the mixed advisory committee.

Instruction in the Principles and Work of the League

The Subcommittee of Experts for the Instruction of Children and Youth in the Existence and Aims of the League of Nations exists as a result of Assembly resolutions in 1923 and 1924, on which the Council acted September 26, 1925.[1] The Secretary-General was instructed to collect information and refer it to the Committee on Intellectual Cooperation for its judgment on how to pursue the subject. The Council on its report decided on March 15, 1926,[2] to appoint a subcommittee consisting of three members of the Committee on Intellectual Cooperation and 10 or 12 others having experience in educational work. The subcommittee met at Geneva, August 3–6, 1926, and July 4–6, 1927.

A special subcommittee met in Paris, from March 23–25, 1927, at the Institute of Intellectual Cooperation and examined the reports made by international associations on recommendations which had been put forward by the subcommittee and had been published for the Seventh (1926) Assembly.[3] The recommendations were revised in some details, with the approval of the subcommittee in July.

The subcommittee had before it reports from Governments, from organizations, from National Committees on Intellectual Cooperation and from its own members. A series of recommendations resulting from the study of all these suggestions was laid before the Eighth Assembly in what it called a remarkable report[4] presented by Jules

[1] *Official Journal*, VI, p. 1393.

[2] Same, VII, p. 569, 506.

[3] Same, p. 1202; separately, A. 26. 1926. XII. A. 5.

[4] A. 26. 1927. XII. A. 3.

Destrée, a member of the subcommittee and a French delegate to the Assembly. The resolution decided that the subcommittee continue its work on the lines suggested by the Council report of September 2.[1]

Educational Information Centers. The Assembly specifically approved the subcommittee's recommendations for creating League of Nations Educational Information Centers.[2]

Member States to Act. The Assembly approved the recommendations as a whole and instructed "the Secretary-General to communicate them to the Governments of the states Members of the League of Nations, requesting them, so far as may be possible in each particular case, to take the necessary measures to give effect" to them.

Section II of the report deals with the many possible methods of developing the spirit of international cooperation, which was generally defined from the point of view of the Assembly's 1924 resolution.[3]

Numerous practical methods of promoting direct and indirect contacts between young people of different countries are described and discussed.

Section I of the recommendations is devoted to instruction in schools and higher educational institutions, its conditions, methods and mechanism, including books and other material. Special emphasis is given to providing concrete aids to teaching. The recommendations include plans for both class-room and outside realization. "Instruction should begin in the primary school and should be continued to as late a stage as possible in the general education of the pupil," girls as well as boys. Special courses for teachers are suggested and definite types of literature and material for visual instruction are indicated, in addition to reading matter for children of various ages.

Institutions of university grade may create special chairs and in any case it is desirable that they give one or

[1] *Official Journal*, VIII, p. 1110.

[2] *How to Make the League of Nations Known and to Develop the Spirit of International Cooperation*, p. 20 (C. 515. M. 174. 1927. XII. A. 9).

[3] Same, p. 17.

more special courses on the League of Nations and international relations in general. Encouragement of selection of League problems as subjects of theses is desirable and the study of international law should be made compulsory for all law students.

Methods useful for voluntary associations are listed:

(*a*) By supplementing the activities of the competent educational authorities in the directions mentioned above;

(*b*) By arranging, in schools which so desire, lectures calculated to arouse interest among the pupils;

(*c*) By organizing lectures and lessons on definite problems for members of youth organizations and junior branches of their own associations, or by organizing discussions and debates in students' clubs or at vacation courses;

(*d*) By utilizing the presence of foreign personalities, teachers or students, to organize with their assistance lectures or discussions on questions relating to the League of Nations;

(*e*) By organizing competitions with the object of promoting the study of special subjects connected with the League;

(*f*) By providing literature and visual aids (pictures, slides, films, etc.);

(*g*) By stimulating the interest of educational institutions which are not under state control, and providing them with the means of giving their pupils suitable instruction on the subject of the League;

(*h*) By encouraging among members of universities the study of problems connected with the league;

(*i*) By stimulating the interest of the various organizations for adult education and helping them to study the work of the League;

(*j*) By accustoming young people to cooperate in the steps taken: (1) to assist a nation stricken by disaster, (2) to improve the health conditions of a country.

It is recommended that a special reference book giving an account of the work of the League of Nations and the International Labor Organization for the use of teachers should be prepared, which will probably assume a different form in various countries. The Secretary-General of the League might also be asked to examine the possibility of issuing periodical summaries specially prepared for the teaching profession and of forwarding them regularly to the leading educational reviews and journals and to educational authorities. Scientific and learned societies, as well as

authors and publishers of school-books, might be asked to see, in so far as the matter is within their province, that the League of Nations is given its due place.

"Those in charge of educational institutions should be asked to use their influence to insure that text-books in general should not be written in such a way as to conflict with the spirit of mutual conciliation and cooperation. In this respect, history text-books should be the subject of particular care. It is desirable that, in every country, incitements to hatred of the foreigner should be eliminated and every effort made to arrive at a better comprehension of what one nation owes to another."

International Institute of Intellectual Cooperation

The Institute is under the general control of the League Committee on Intellectual Cooperation, which sits as its Governing Body. It is under the detailed control of the Board of Directors, consisting of five persons of different nationalities [1] and the chairman of the Governing Body. The Institute is the working body on intellectual cooperation and is divided into sections corresponding with the subcommittees of the international committee.

The work of the Institute, which was inaugurated January 16, 1926, has been hampered during its first two years by lack of funds. The French Government provides its quarters in the Palais Royal, 2 rue de Montpensier, Paris, and an annual amount of 2,000,000 French francs. The Assembly declared "that it is only the smallness of its financial resources which prevents the Intellectual Cooperation Organization from rendering all the services which may now be expected of it." Countries which have contributed to the budget are Austria, Czechoslovakia, France, Hungary, Italy, Monaco, Poland and Switzerland.

The greatest diversity of activity characterizes the work of the organization and this is accentuated by the differences in technique required for realizing objects at

[1] Vernon L. Kellogg, of the National Research Council, is the American member. Mr. Vibbert replaced him in one session.

first sight quite similar. Moreover, almost every subject touched has its own extensive complications, so that results are not at once forthcoming.

National Delegates. National delegates accredited to the Institute have been named to cooperate with it by 36 states.

Motion Pictures

The First International Motion Picture Conference was held at Paris in the Institute building September 27–October 3, 1926, being organized at the suggestion of the international committee (July 28, 1924). A total of 435 delegates from 31 countries was present, and they passed extensive resolutions on many phases of the subject. The International Committee on Intellectual Cooperation felt that the time had not arrived to respond to the conference desire, that "a provisional international committee be appointed immediately with an office in the League of Nations," but asked the Institute to continue its own Office of Cinematography, which was collecting all pertinent facts as to educational features of film production and distribution.

Further, the Italian Government submitted to the Eighth Assembly a proposal to create in Rome an Educational Cinematographic Institute for which it would provide the initial funds. The Assembly left to the Council all decisions as to the steps to be taken, after consulting the competent organizations, in particular the Committee on Intellectual Cooperation. The Council on September 28 asked the Italian representative to communicate in due course any proposal he might think fit to make. Draft statutes for the new institute should be framed in consultation with the Secretary-General, who might seek the opinion of the director of the Institute of Intellectual Cooperation and the Child Welfare Committee.

Subcommittee on Arts and Letters

The subcommittee meeting at Geneva July 16–19, considered the work of the International Museum Office and the organization of a congress of popular art, and examined the possibility of international action in regard to the theater, the protection of natural beauty spots, the publication of an international artistic yearbook and the translation of literary works.

The Assembly exhibited considerable interest in the Congress of Popular Arts scheduled to be held at Prague in October, 1928, for which the Czechoslovak Government has granted a subsidy. It congratulated the Swiss Federal Government, and more particularly the city of Bern, on the initiative regarding an International Exhibition of Popular Arts to be held in that city and requested the Secretary-General of the League and the Institute for Intellectual Cooperation to assist the promoters of this enterprise.

International work in connection with the theater is under study by the Institute on a proposal of the subcommittee. Recreation and the procuring of engagements are two questions of particular concern.

Protection of natural beauty spots, especially national parks, was placed on the Institute's program in order to call forth international recommendations.

Publication of an international artistic yearbook has been approved in principle.

An international translation office might be useful as soon as specially qualified translators had formed national groups, which might set up an International Translation Committee with which the Institute on Intellectual Cooperation might enter into relations.

International Museum Office. This office has been functioning since the beginning of 1927 at the headquarters of the Institute. Its establishment was approved by the Council on September 3, 1926.[1]

[1] *Official Journal*, VII, p. 1287.

A Committee of Museum Representatives met at Geneva on January 14–15 [1] to draw up proposals for its organization and program.[2]

This committee took note of the work of the Committee of Representatives of Chalcographical Institutes which had reached an agreement with regard to the exchange and sale of prints produced by the institutes and the joint exhibition of such prints. The first joint exhibitions opened on April 15 in Rome, Paris and Madrid. The Belgian Government is contemplating the foundation of a national chalcographical institute, and Geneva, Liège, Brussels, Mülhausen, Saragossa and some American towns are planning exhibitions.

The International Committee believes that the office has a large field of action. A bulletin *Mouseion* is being issued in French and a series of special brochures is contemplated.

The Committee of Museum Representatives proposed an agreement between museums possessing cast workshops. It recommended that museum catalogs should take three forms: guides, summary catalogs and scientific catalogs. Sales catalogs ought to be compiled so as to increase their value from the point of view of the history of art. The committee recommended that the Office draw up a catalog of dismembered works of art (*i.e.* parts of which may be found in different museums). The work of the Office should bear upon the exchange between museums of information and documents, the deposit of works of art and mutual assistance between museums.

A committee of Experts to Study the Educational Rôle of Museums met at the Institute on October 28–29, and drew up detailed suggestions. Lawrence Vail Coleman was the American member.

[1] *International Committee. Minutes of the Ninth Session*, p. 95 (C. 424. M. 157. 1927. XII).

[2] *Official Journal*, VII, p. 1287.

Subcommittee on Bibliography

The subcommittee[1] met at Geneva July 11–13, its report being presented to the committee by J. David Thompson, secretary of the American National Committee, who sat for the American member of the subcommittee, Jacob R. Schramm. The report reviewed the work of the Scientific Relations Section of the International Institute, which is in effect the subcommittee's secretariat and which issues the *Bulletin for Scientific Relations*.

A practical formula for the coordination of the bibliography of the various sciences has been worked out between the preparers and the users of such publications. A second Conference of Experts for the Coordination of Bibliography in the Economic Sciences was held at Paris in January, 1927. Five regional specialist organs for carrying out the international task are to be enlisted in the effort. The work in biological sciences has resulted in canvassing the resources already available, and the possibility of a single abstract journal is being explored, the experts having met at Paris April 7–8. A bibliography of current bibliographies in the humanistic sciences is being prepared. The bibliography of Greco-Roman archeology is also being studied.

Coordination of Libraries. A committee of experts to study the coordination of libraries met in Paris April 7. It proposed that the Institute should bring about the creation in each country of a National Library Coordination Service, such as exists in the United States, Germany and France. The service would endeavor to facilitate loans and exchanges between the libraries of the various countries, promote the organization of information services in libraries, and direct intellectual workers to the libraries containing the most suitable material for their studies. More than 400 libraries have expressed willingness to cooperate.

[1] *International Committee. Minutes of the Ninth Session*, p. 99 (C. 424. M. 157. 1927. XII).

W. Dawson Johnston represented the Library of Congress and William W. Bishop the American Library Association.

Quality of Official Documents. The subcommittee has begun examination of the quality of ink and paper used in official documents and set up a committee of experts to deal with it.

Mathematical Quantities. The Assembly regarded as "extremely desirable" an understanding between Governments to insure the continuance of the International Office for Annual Tables of Constants and Mathematical Quantities. Governments, scholars and industrial organizations are equally interested in the continuance of this enterprise, which is in danger owing to lack of funds.

Subcommittee on Intellectual Rights

The Subcommittee on Intellectual Rights [1] considered questions concerning the status of international law associations, scientific property, and authors' rights.

International Law Associations. As to private international law associations, the committee considered that, by reason of the diversity of their statutes, which are governed by the laws in different countries, it would be necessary to frame an international régime providing them with universally recognized legal status and the necessary means of subsistence. Their establishment on an autonomous basis independent of national legislation is to be further studied by the Institute.

Scientific Property. The preliminary inquiry on the protection of scientific property is closed. A special committee of experts at Paris December 12–14 prepared a revised draft of a scheme intended to secure to intellectual workers a share in the material profits resulting from the industrial application of their discoveries. It affirms the principle of the right of the owner of a scientific discovery to receive payment for its industrial exploitation. Benjamin H. Conner of the American Chamber of Commerce

[1] *International Committee. Minutes of the Ninth Session*, p. 86 (C. 424. M. 157. 1927. XII).

in Paris was a member of the committee. The Charles C. Linthicum Foundation of Chicago has announced a $1,000 prize for the best essay on the subject submitted by March 1, 1929.

Copyright. The committee, indorsing the opinion of the Subcommittees on Intellectual Rights and Arts and Letters, decided that, at the diplomatic conference convened to meet in Rome in November, 1927, for the revision of the Bern convention on industrial, literary and artistic property, it would support the following point of view: authors' rights should be internationally fixed as valid for a period of 50 years *post mortem auctoris;* national reservations to the Bern convention should be abolished; applied art, as far as authors' rights are concerned, should be considered as works of art strictly speaking; all national law systems should take account of the *droit de suite* (to secure for an artist a share in the increase of the value of his works at successive sales), the principle of the respect of works of art (prohibition of alterations which might change the character of a work of art) and the principle of paying for reproductions of works which have become public property (for the purpose of constituting funds to encourage the arts).

Subcommittee for University Relations

The subcommittee held its ninth session at Geneva, July 7–8.[1] Until May 1 the University Relations Section had been without a chief, and the past year had consequently been a difficult one. Resumption of publishing the *Bulletin on University Relations* in an amended form was decided. The Institute was invited to continue its study of the equivalence of diplomas and to organize a special service to deal with questions concerning students. A scheme for the establishment of international post-graduate scholarships contemplated the convocation by the Institute of a committee of experts. The committee decided to

[1] *International Committee. Minutes of the Ninth Session*, p. 65 (C. 424. M. 157. 1927. XII).

encourage all efforts to set up national university offices in countries in which they did not yet exist.

At the meeting of the subcommittee J. David Thompson, secretary of the American National Committee, sat for Vernon L. Kellogg.

Students' Organizations. The second session of the Committee of Representatives of International Students' Organizations was held at Geneva April 11–12 under the chairmanship of Gonzague de Reynold of the International Committee.[1] The organizations represented were: the International University Federation for the League of Nations, the World Union of Jewish Students, the International Federation of University Women, the International Student Service, the World Student Christian Federation, "Pax Romana," the International Students' Confederation and the *Auslandsamt der deutschen Studentschaft* (in an advisory capacity).

At this session the committee decided that a central international office should be set up in connection with the International Institute, with one delegate from each of the international students' organizations. Reports from the International Confederation of Students on traveling facilities and an international identity card for students and the question of the equivalence of degrees and studies were examined. Material collected by the International Federation of University Women and the International Confederation of Students on degrees will be completed by these organizations and the Institute of Intellectual Cooperation. The committee instructed the International Student Service to submit at a later meeting a complete report on methods of mutual assistance employed by students' organizations.

[1] *International Committee. Minutes of the Ninth Session*, p. 70 (C. 424. M. 157. 1927. XII).

VII. HEALTH ORGANIZATION

The Health Committee met during 1927 [1] as follows:

9. Geneva, February 14–18.[2]
10. Paris, April 26–27.[3]
11. Geneva, October 18–November 3.[4]

Surgeon-General H. S. Cumming, director of the United States Public Health Service, is a member of the committee: Dr. Alice Hamilton, professor of Industrial Hygiene at Harvard University and Professor C.-E. A. Winslow, president of the American Public Health Association, professor of sanitary biology and bacteriology, Yale University, are assessors to the committee.

In addition to committees specially noticed below, the Health Committee also maintained during 1927 the following commissions: Permanent Standards, Smallpox and Vaccination, Opium, and Eastern Bureau at Singapore.

Cooperation with Office International. At its ninth session the committee discussed the draft proposal on the coordination of its work and that of the Committee of the Office international d'Hygiène publique, in view of the provisions of the new sanitary convention of 1926 permitting the Office to discharge certain of the duties intrusted to it by the convention through the agency of regional bureaus of the League (the Japanese Government signed the convention only on condition that the Singapore Bureau should undertake these functions in the Far East). The committee adopted the terms of a provisional draft agreement providing for cooperation between the Health Committee and the Committee of the Office International,

[1] *Annual Report of Health Organization for 1927*. A. 10. 1928. III. 1.

[2] *Official Journal*, VIII, p. 440.

[3] Same, p. 809.

[4] Same, IX, p. 212.

as well as for the assumption of the duties of reception, transmission and dissemination of information by the regional bureaus of the Health Organization.

The two agreements [1] were accepted by the Permanent Committee of the Office International on April 20 and by the Health Committee on April 26. The Council approved them on June 13.

Special Epidemic Activities. An epidemic of influenza broke out in Europe in November, 1926, and spread over a wide area. As a result of requests for information concerning its prevalence from the health officials of Australia and the United States, a special bulletin was published twice a week from January 11, and wireless broadcasts begun. The bulletins published information from Austria, Germany, Belgium, Denmark, France, Great Britain, Italy, Norway, Sweden, Switzerland, Czechoslovakia, Bulgaria, Egypt, Estonia, Finland, Greece, Hungary, Japan, Latvia, Netherlands, Poland, Portugal, Rumania, Serb-Croat-Slovene State, Spain, United States, India, Irish Free State, Lithuania and the Union of Socialist Soviet Republics.

The Health Committee decided that as much detailed information as possible should be collected on the epidemic, and the Health Section asked all the European health services to prepare a general report as soon as the epidemic ended. The information thus collected may prove useful in the organization of preventive measures against future epidemics.

The Bureau of Epidemiological Intelligence at Singapore is perhaps the most interesting institution established by the League. During 1927 it received weekly telegraphic reports concerning local health conditions from no less than 137 ports of Asia, Australasia and the east coast of Africa. This information is tabulated and its salient features are gathered into a code message which is broadcast each Friday from the French wireless station. The message is relayed from Geneva to 124 public health ad-

[1] *Official Journal*, VIII, p. 809.

ministrations throughout the world. The reports usually deal with the plague, cholera and smallpox, although the presence or absence of infected rats is also reported. With respect to the notifiable diseases, both the number of cases and deaths resulting therefrom are given. The report includes the existence of infectious diseases on ships and the declaration and cancellation of all maritime quarantines throughout the Far East. It further tabulates mortality rates week by week and, by the addition of other details, serves to afford a complete picture of epidemic conditions in the area of the world from which all the great plagues have come.

The Singapore Bureau is controlled by an Advisory Council established under resolutions of the Council. During 1927 there was intrusted to it by the arrangement between the Health Committee and the Office International the duties concerning the collection, tabulation and dissemination of information under the international sanitary convention of 1926.

The epidemiological service of the League undergoes steady extension and improvement. The Monthly Epidemiological Report becomes more and more complete both as to the areas reported upon and the notifiable diseases included in it. As a result of its continuance, considerable improvement has taken place in the statistics received, which in their published form become more and more useful for comparative examination.

The Health Committee at its 11th session adopted the conclusions of a conference of experts, held at Geneva, October 25–26, on the form of presentation of the League's periodical epidemiological publications, the question of the wireless transmission of such data, and the general use of a code based on the AA cable code now used for the Singapore Bureau. The experts were from the health services of Great Britain, the United States, Australia, the Sanitary Maritime and Quarantine Board of Egypt, and the health service of Algiers, all of which have extensive foreign epidemiological intelligence services. The advantages of

coordinating these services with the central intelligence service at Geneva and obtaining the greatest possible degree of uniformity in the collection and transmission of epidemiological data, are obvious.

Interchanges of Personnel. The International Continuation Course in Public Health organized by the Paris Institute of Hygiene by arrangement with the Health Organization, in response to requests from several public health administrations, was held at Paris January 17–March 5. This course represented a new type of interchange. The first period of six weeks included a course of lectures by public health and medical experts from various countries and a series of visits to public health institutions in and near Paris. The second period was devoted to the practical study — in countries selected by the participants — of health institutions providing the most useful experience for the exercise of their calling. The course was attended by medical officers of the health administrations of Bulgaria, Czechoslovakia, Estonia, Greece, Hungary, Latvia, Lithuania, Luxemburg, Paraguay, Poland, Rumania, Serb-Croat-Slovene State and the Union of Socialist Soviet Republics.

The final conference of an interchange of medical officers, which began in Great Britain on February 21, was held in Geneva on April 14. It was attended by medical officers from Belgium, China, Czechoslovakia, Germany, Italy, Lithuania, Poland, Rumania, the Serb-Croat-Slovene State and Sweden.

As a result of the interchange in Japan in 1926, arrangements were made with the Japanese health authorities to enable Japanese medical officers to study selected subjects in Europe either on individual missions or under scholarships. A government nutrition official studied vitamines in Europe and in the United States. A bacteriological expert made a special study in Germany of the problems connected with vaccination by mouth. Another studied methods employed in the prevention of venereal diseases in 12 European centers and the United States. A fourth

studied the relationship between health insurance and the public health service.

The health administrations of the German Reich and states were intimately studied by the members of an interchange of public health officials which began on September 19 and closed with final conferences at Geneva, November 1–3. The interchange was one of the most carefully prepared that has been held, some 80 pamphlets being printed and distributed to its members by the administrations and institutions visited. Officials from Argentina, Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Estonia, France, Great Britain, Hungary, Italy, Japan, Latvia, Netherlands, Norway, Poland, Serb-Croat-Slovene State, Sweden, Switzerland, United States and the Soviet Union participated.

Latin American Activities

The first League conference on Latin American soil was a Conference of South American Experts on Child Welfare [1] at Montevideo, Uruguay, June 7–11, under the honorary presidency of Dr. Luis Morquio, president of the Ministry of Industry of Uruguay. Dr. Thorvald Madsen, president of the Health Committee, was the president of the conference.

The conference was attended by experts from six Latin American countries, the Argentine Republic (Dr. Gregorio Araoz Alfaro), Bolivia (Dr. Velasco Blanco), Brazil (Dr. Barros Carreto), Chile (Dr. Calvo MacKenna), Paraguay (Dr. A. Gubetich) and Uruguay (Dr. Luis Morquio). The League Health Organization was represented by Medical Director Rajchmann.

Inquiry into infantile mortality is a great and urgent problem in South America, where underpopulation is a problem and infant mortality rates are comparatively high. The conference decided on a preliminary inquiry in Argentina, Brazil and Uruguay. In Argentina, two

[1] See the report in A. 49. 1927. III. 8; compare p. 157 [317].

municipal districts in the city and one in the province of Buenos Aires were chosen, as well as the municipality of Tucuman and two rural districts in the province of Tucuman. In Brazil there will be extensive studies, urban and rural districts with a negro population having been selected in Bahia, municipal and rural areas in the federal districts of Rio de Janeiro, and similar areas in the municipalities and state of São Paulo, particularly among the Italian population. Districts were also selected in Uruguay. The preliminary investigation, completed by the end of the year, was followed by a detailed study in 1928.

The Assembly was much impressed with the significance of the conference and its suggestions for continued cooperation in Latin America. In its resolution the Assembly considered

> That the realization of these suggestions would result in creating links between the health work of the League and the activities of national health administrations in these countries and would represent a good method of developing the work of the League's technical organizations in Latin America.

School of Infant Hygiene. At its 11th session the Health Committee requested the Council of the League to arrange to place under the auspices of the League of Nations a proposed international school for infant and child hygiene at Buenos Aires, Argentina, with provincial stations. The newly-constructed maternity institute at Buenos Aires, perhaps the finest institute for social medicine in Argentina, is the nucleus of the new school. Existing agencies may be amalgamated into one directing council, whose president would be appointed by the Health Committee. The school would provide training for medical and nursing personnel, and have a number of provincial stations in districts with high infant mortality as well as in those attracting large numbers of immigrants. The League would grant scholarships to Latin American doctors and nurses as well as participate in the cost of investigations of an international character.

International Public Health School. The establishment of an international school of public health under the auspices of the League at Rio de Janeiro, Brazil, was approved by the Health Committee at its 11th session. The basis of this school will be the two years' university continuation course for the training of public health officers started in 1926 by the director of the Oswaldo Cruz Institute of the Rio Faculty of Medicine. This school should be given permanent standing under the auspices of the League, and an international character, 1, by the establishment of programs in consultation with the Health Committee (which will also consider an annual report on the school's work); 2, by the grant of scholarships from the Health Organization to Latin American medical officers; and, 3, by sending at the Health Committee's invitation one or two foreign experts to give a six months' course at the school each year. The training of public health officers is an urgent need in many Latin American countries.

Other Proposals. A further proposal, from the State of São Paulo in Brazil, sought the collaboration of the Health Committee in regard to problems relating to the diagnosis and treatment of syphilis. This was approved and an expert serologist sent to make known the work of the Health Organization on this subject, and to coordinate the work of the various laboratories in Brazil, and later of the different institutes in Brazil, Uruguay and Argentina.

At its 11th session the committee approved in principle proposals for cooperation between the Health Committee and the Brazilian health authorities for the purpose of setting up an international center for the scientific study of leprosy, a prevalent disease in Latin America.

Pacific Health Survey

An International Pacific Health Conference was convened by the Government of Australia and held at Melbourne from December 15 to 22, 1926. In accordance with

a resolution of the conference, the Health Organization was invited to give all practical assistance to epidemiological and preventive work in the Austral-Pacific zone and, in particular, to consider the possibility of initiating or promoting schemes of coordinated research in that zone. At its 11th session the committee expressed its appreciation of the invitation. Study of health problems in the Pacific area will begin with a preliminary survey of health conditions in Papua, New Guinea, the New Hebrides, New Caledonia, the Solomon Islands and Fiji.[1]

International Rabies Conference

The first International Rabies Conference was held at the Pasteur Institute in Paris from April 25 to 30. It was attended by representatives from anti-rabies institutes in 27 countries.

This conference was organized by the Health Committee in view of the general interest in the treatment of hydrophobia and numerous requests made by directors of anti-rabies institutes. A detailed questionnaire was prepared in conjunction with the Pasteur Institute and sent to the principal anti-rabies institutes throughout the world. The replies received and a report prepared on the basis of earlier information served as the groundwork for the discussions.

Four committees, were concerned with the nature of the rabies virus; the methods of inoculating persons after they have been bitten; various modifications of the Pasteur treatment; general and local accidents consequent on anti-rabies inoculations; post-vaccinal paralysis; the problem of inoculating domestic animals which have been bitten and the preventive inoculation of dogs; the necessity for preparing upon a uniform basis statistics concerning the results obtained from anti-rabies treatment; legislation in force in the various countries.

The conference [2] adopted the resolutions and recom-

[1] *Health Committee. Eleventh Session*, p. 176 (C. 579. M. 206. 1927. III. 19).

[2] Same, p. 132; see also *Reports . . . to the International Rabies Conference . .* (C. H. 531 (1). 1927. III. 14).

mendations of its committees and decided upon inquiries concerning the technique of human vaccination, different kinds of vaccine, plurality of strains of street and fixed virus, the rabicidal action of the serum of man and animals during and after immunization, etc. It requested the Health Organization (1) to consider the possibility of organizing these investigations and of arranging for the collection and distribution to institutes of information relating to rabies; (2) to arrange that preliminary investigations be carried out with the object of supplying all anti-rabic institutes with a strain of fixed virus of high protective value; (3) to publish statistics on the results of anti-rabic treatment in the different anti-rabic Institutes of the world. Every Pasteur institute should communicate each year statistics tabulated according to a schedule to be drawn up by the Health Organization.

The American members of the conference were Dr. Taliaffero Clark, Dr. Atherton Seidell and Dr. C. A. Shore.

Committee Work

Infant Welfare. The second session of the Conference of Health Experts on Infant Welfare convened by the Health Organization was held in Paris January 17–20. Dr. Taliaffero Clark was the American member.

The conference examined plans for investigating infant mortality and made specific recommendations as to the methods and scope of the proposed inquiry. It decided to begin the study of the medical, public health and social causes of all infant deaths and dead births in two rural and two urban districts of Austria, France, Germany, Great Britain, the Netherlands, and Norway. The inquiry in each district covered a period of 12 months, beginning early in 1927.

At its ninth session the Health Committee approved the plan of the conference. In pursuance of a resolution of the eighth session to invite experts from South American countries to participate in the studies proposed by the conference, the cooperation of Professor Morquio of

Montevideo, Professor Figueira of Rio de Janeiro, and Professor Arsez Alfaro of Buenos Aires had been obtained.[1]

Health Insurance and Public Health Service. At its ninth session the Health Committee had before it the results of the preliminary survey on the relation of health insurance to public health services, undertaken at the instigation of the Czechoslovak delegation to the Sixth Assembly in September, 1925.[2] The survey brought out that a great many health insurance organizations are engaged in one form or another of preventive medicine, health education or public hygiene, but often with little or no correlation with that of other public health agencies. Duplication of work appears in dispensary and laboratory services, etc. The introduction of a well-considered system would allow of better utilization of all available facilities. The Health Committee decided to appoint a commission of experts.

The Joint Commission of Experts set up by the Health Committee met in Geneva April 11–12 to consider the most effective methods of collaboration between health insurance organizations and public health services in the field of preventive medicine. Half the members of the commission represented the public health services and were nominated by the Health Committee; the other half, representing health insurance organizations, were selected by the Governing Body of the International Labor Office.

After an exchange of views on the general principles of preventive medicine, the commission decided that further cooperation and coordination were desirable between public health and social insurance in this connection, and recommended that surveys should be made in selected countries, supervised by members of the commission. It also recommended that these subjects should be specially studied: Education of the insured in hygiene, protection of maternity, infancy and the child of pre-school age, prevention of tuberculosis, prevention of venereal diseases, protection of the child of school age.

[1] Compare p. 139 [299].

[2] *Health Committee. Ninth Session*, p. 71 (C. 107. M. 38. 1927. III. 4).

The Uruguayan Government will collaborate closely with the commission and the president of the National Health Council of Uruguay will go to Europe to keep in touch with its work.

Malaria Commission. At the 11th session of the committee the chairman of the Malaria Commission presented its second general report, containing its conclusions on measures for dealing with malaria in Europe as well as a general discussion of such measures.[1] The report emphasizes the commission's view that no one method of malaria suppression can be considered best, and that each district must be carefully studied before deciding what methods are the most likely to yield good results. The practical necessity of keeping the balance between preventive and curative measures is pointed out.

Colonel S. P. James (of the Medical Intelligence Service in the British Ministry of Health) and Professor N. H. Swellingrebel (Institute of Tropical Medicine, Amsterdam) reported on their visit to certain districts in the Mississippi basin, in order to study various features of anti-malaria technique, such as antilarval measures and Bass's experiments on the exclusive use of quinine, as a control measure. The Health Committee decided that this report contributed fresh data and raised questions requiring detailed consideration at a future general meeting of the commission, to which malariologists from the United States would be invited. The Medical Director was requested to obtain the observations on the report of the authorities of the United States Public Health Service and of the International Health Board of the Rockefeller Foundation.

The Health Committee has accepted an invitation from the Indian Government to study this problem in India.

The commission continues its scientific studies of problems concerning epidemiology, such as the relation of river deltas to endemic malaria, the therapeutic properties of various alkaloids of cinchona other than quinine, etc.

The League Commissioner in Bulgaria requested that

[1] *Principles and Methods of Antimalarial Measures in Europe* (C. H. Malaria, 73, 1927, III, 3).

the commission study the problem of malaria among the refugees there. A member of the commission investigated and organized a campaign in the Bourgas district.

Courses in malariology at Hamburg, London and Paris started by the Health Committee on the advice of the Malaria Commission aroused great interest. They were for the purpose of training malariologists. The first part of the courses consisted of studies organized by the directors of the institutes, in London from April 25 to June 13, in Hamburg from May 9 to June 13 and in Paris from June 7 to July 13. The second part of the course enabled participants to familiarize themselves under competent direction both with the practical work of a malariologist, and with measures for destroying larvæ and the breeding grounds of mosquitoes. The second stage was held in various parts of Italy, Spain and the Serb-Croat-Slovene State.

Sleeping Sickness. The final report of the International Commission on Sleeping Sickness in Equatorial Africa was discussed by the Health Committee at its 11th session. It invited the Commission of Experts, which had proposed the dispatch of the Commission of Inquiry to Africa, to examine the scientific and administrative conclusions of the report and requested the Council to inquire whether the Governments which had participated in the first International Conference on Sleeping Sickness (London, 1925) would be willing to send technical delegates to a second conference with the object of studying the report. On December 7 the Council placed at the disposal of Governments, for the work of such a conference, the technical collaboration of a delegation from the Health Committee and from the Health Section of the Secretariat.

Cancer Commission. The Cancer Commission ended in 1927 its investigation of the wide divergencies existing between the rates of cancer mortality in different countries. The Health Committee at its 11th session requested the commission to present for consideration at the next session an analysis of the proposals received for new work of an international character on the subject of cancer.

VIII. TRAFFIC IN OPIUM

Advisory Committee

The Advisory Committee on Traffic in Opium and other Dangerous Drugs met during 1927 as follows:

9. Geneva, January 17–February 3.
10. (Extraordinary). Geneva, September 28–October 8.

At the 9th session, Stanley Woodward acted as observer for the United States, S. Pinkney Tuck serving in that capacity at the 10th. Colonel Arthur Woods of New York sat at the 10th session as an assessor. Herbert L. May of the Foreign Policy Association attended the 10th session to give information on opium smoking in the Far East.

Public meetings were the rule during both sessions, only details of some of the illicit traffic instances being discussed in private.

Convention of 1925. At its ninth session the committee suggested that the Council should remind the states Members of the League that the convention of the Second Conference would come into force only after ratification by at least seven of the states represented on the Council, including at least two permanent Members. The fact that the convention is not in force creates obstacles which the campaign against the illicit traffic will continue to encounter so long as the authority is withheld which the committee would gain under the convention. Following both the 9th and 10th sessions of the committee the Council urged ratification on the attention of Member states, noting particularly that the entrance of the convention into force depends upon Members of the Council. By the end of 1927 the convention had been ratified by 12 states, three

of which were Members of the Council, and 9 other states had acceded to it.

Budget of Central Board. The question of the budget of the Permanent Central Board on drug questions provided for in the final act of the Second Opium Conference was discussed by the Council on June 13. The conference having requested the Council to include in the budget of the League Secretariat the expenses of the board, the Council decided to refer the matter to the Assembly, which did not make advance budgetary provisions for the expenses. The estimate presented to the Council showed an indicated annual cost of 147,200 francs.[1]

Reservations. During its 10th session the committee examined the question of the reservations made by the Swedish Government in regard to Art. 6 (*c*) of the convention, which requires that pharmacists shall enter in their books all sales of narcotics and file and preserve the relevant prescriptions. The Swedish Government had stated that accession to the convention would involve changes in its legislation, which, without giving an additional guaranty against the illicit traffic, would cause such inconvenience to the population that they could hardly be recommended. It had, therefore, asked whether Sweden could accede to the convention subject to reservation. This request was communicated for observations to the Governments signatory to the convention and in June, 1927, the Council decided to seek the opinion of the Advisory Committee.[2]

The committee heard M. Hennings (Sweden) and M. Lange (Norway), who drew attention to the similarity of the situation in Norway and Sweden in this respect. Since its next ordinary session would be held in January, 1928, the committee decided to ask the Swedish Government time to reconsider the matter in the interval.

[1] *Official Journal*, VIII, p. 811–13.

[2] See same, p. 758 and 813.

Persian Production

The Report of the Commission of Inquiry into Opium Production in Persia [1] was before the Council on March 11.[2] Statements on the opium policy of the Persian Government were made by Mustafa Gholi Khan Kemal Hedajat and his technical adviser, Colonel Daniel W. McCormack (American). The Persian Government was prepared in principle to accept the recommendations of the commission, with the reservation that, after the plan had been in effect for three years, the position would be reconsidered in the light of the economic and financial situation of Persia and the efforts made by other producing and manufacturing countries to curtail their output. As to the replacement of the opium poppy by other crops, the two most important factors to be considered were time and cost. Five or six years would elapse before production was fairly under way and the cost of the substitution could be estimated with any accuracy. Important irrigation and transport works were necessary. The Government proposed to exempt from taxation land diverted from opium production, and to grant loans to cultivators reducing the area reserved for poppy-growing. It also contemplated introducing the import certificate system subject to certain conditions.

The Council referred the whole matter to the Assembly which on September 20 passed a resolution in which it especially commended the good will shown by Persia in aiding the solution of the narcotic evil. It requested Persia to keep the League informed of the progress made in the execution of its program of reduction.

Control of Manufacture

A representative of Italy sat on the committee for the first time during its ninth session. Italy produces no

[1] See *Report* and *Observations of the Persian Government.* A. 7. 1927. XI. 1926. XI. 10 and A. 8. 1927. XI. 4.

[2] *Official Journal*, VIII, p. 392.

opium and M. Cavazzoni at once took the advanced position of a country solely concerned with reducing the menace to its population resulting from the overproduction of drugs in the world. He proposed that the Council should summon an extraordinary meeting of the committee to study measures for the limitation and rationing of the drug manufacture and the question of smuggling, its causes and measures for its suppression.

The lengthy discussion which followed disclosed the fact that it has not been possible to secure the universal application of the only effective methods which could be applied. The committee felt that the time was not ripe for a profitable discussion of the full application of measures controlling drug manufacture since the provisions of the convention drawn up at the Second Opium Conference had not yet been put into force even by the parties to the 1912 convention.

A special meeting to study exhaustively the problems of the contraband traffic, however, would serve a useful purpose and the Council authorized holding such a session immediately after the Assembly.[1]

To the 10th (extraordinary) session thus provided for, M. Cavazzoni presented to the committee for consideration a memorandum containing an elaborate scheme for the control of the drug traffic.[2] The drug traffic still continued; its volume was still enormous. Something was clearly lacking. The committee, the Council, the Assembly — all had displayed the most praiseworthy energy; but, despite all this, the results were most disappointing. He felt that, this being so, the probability was that the methods adopted had been wrong. For too long Governments had been allowed to adopt individual measures for the indirect limitation of manufacture and for supervision over the traffic. More universal and more vigorous methods must be followed if the desired results were to be attained. A uniform method must be prescribed — a method enabling

[1] *Official Journal*, VIII, p. 390.

[2] *Minutes of the Tenth (Extraordinary) Session*, p. 111 (C. 557. M. 199. 1927. XI. 10).

all Governments to apply, with uniformity and certainty, the principles underlying the conventions of The Hague and of Geneva.

The committee was prepared to consider sympathetically M. Cavazzoni's suggestions; but felt doubts as to the practicability of some detailed proposals, while the difficulty which would be experienced in inducing Governments to accept and apply them was stressed. There was no country where the scheme, as it stood, was applied. Many of its provisions are already in force in some countries; others had adopted variants of these proposals which are believed to be working satisfactorily and which they would therefore be unwilling to change. The wholesale alteration of laws, rules and regulations was not a task which any Government would lightly undertake.

Despite these difficulties, the committee felt that the moment was opportune for a general examination of the question of the best methods of drug control and the preparation of a report based on the experience of the existing measures and methods of administration which have been found to be effective. The Geneva convention of 1925 would, it hoped, shortly be in force; and Governments might be glad of assistance in drawing up a practical and adequate code of control based on their obligations under that convention.

Tactically it was unwise to insist on uniformity. Conditions varied; methods of administration were different; national psychologies were not the same. It would also have to be borne in mind that the honest trader must not be unnecessarily hampered in carrying on his legitimate business. So also over-elaboration must be avoided; any unnecessary complexity would arouse opposition and would defeat its own end.

It was eventually decided that a subcommittee should be appointed to undertake this work, including a detailed study of M. Cavazzoni's memorandum. The subcommittee is as follows: Dr. Anselmino, M. Bourgois, Dr. Carrière, M. Cavazzoni, Sir Malcolm Delevingne and M. van Wettum.

During the session the committee examined 83 reports relating to seizures of narcotics in all parts of the world. The committee considered that cooperation between Governments was unquestionably much better than only a short time ago.

Illicit Traffic. Colonel Arthur Woods of New York, one of the assessors of the committee, in discussing the Cavazzoni proposal in the tenth session presented a resolution calling for a rigid control over opium exportation. The early ratification of the 1925 convention was extremely important and, pending its entrance into force, all possible action should be taken, he said. The present emergency resulted from manufacture on a scale "vastly in excess of the world's medical and scientific requirements," and its solution lay in reducing this excess. "The only way to stop the traffic was to stop the drug at its source. There were only some 40 factories which were included in some eight countries, and were all known. . . . Every ounce of drug in the illicit traffic came from one of these 40 factories in some eight countries which were bound, as signatories of the Hague convention, to limit manufacture." The only opposition was the financial interests involved in the illicit traffic. He felt that enlightened public opinion would prove stronger than they, and it was the privilege of the committee to "hold the light before the public." He proposed a resolution which was passed by the committee and adopted in the report of the Council on December 6.[1]

At its ninth session the committee proposed that a systematic and searching inquiry should be undertaken by the Governments of all countries which manufactured or imported drugs, with a view to discovering from whom and by what methods traffickers procured their supplies, and recommended that any one found to be knowingly supplying drugs for other than medical or scientific purposes should be prohibited from manufacturing, importing or dealing in these drugs for the future.

[1] *Official Journal*, IX, p. 129.

IX. PROTECTION OF WOMEN AND CHILDREN

Work of Advisory Commission

The Advisory Commission for the Protection and Welfare of Children and Young People met in Geneva from April 25 to May 6, under the chairmanship of M. Regnault (France). The Traffic in Women and Children Committee sat in its sixth session from April 25 to April 29; the Child Welfare Committee sat in its third session from May 2 to May 6. On April 30 a plenary meeting of the Advisory Commission dealt with questions of interest to both committees. All meetings were public.

Miss Grace Abbott, chief of the Children's Bureau, Department of Labor, is a member of the Traffic in Women and Children Committee. Miss Julia Lathrop representing the National Conference of Social Work is an American assessor on child welfare.

The question of the *Age of Marriage and Consent* was dealt with by both committees, the problems involved concerning both the traffic in women and child welfare.[1] The commission expressed its opinion that the fixing of too early an age of consent was likely to encourage the traffic. It accordingly requested the Council to draw the attention of Governments to the necessity of fixing this age sufficiently late to insure the effective protection of children and young people. The question of the age of marriage and its possible relation to the age of consent was postponed.

1. Traffic in Women and Children

The Special Body of Experts appointed by the Council to investigate the extent of the traffic in women and children and the efficacy of measures taken against it met at Geneva February 7–18. This body, whose constitution was pro-

[1] See League of Nations Document C. P. E. 90 (1). 1927 IV. 8.

posed to the Traffic in Women and Children Committee by Miss Grace Abbott, chief of the Children's Bureau in the United States Department of Labor, drew up and unanimously adopted a general report on the results of its two years' investigation, which had taken place under the direction of Bascom Johnson (American). The meeting was attended by Dr. William F. Snow, chairman (American); Donna Christina Bandini (Italian), Isidore Maus (Belgian), M. de Meuron (Swiss), S. W. Harris (British); M. le Luc (French) and M. Suzuki (Japanese). Dr. Paulina Luisi (Uruguayan) was unable to attend.

The report was considered by the Council on March 9,[1] the rapporteur, Sir Austen Chamberlain, briefly summarizing its main features. The report was presented in two parts, the first [2] giving a concise account of the facts disclosed by the inquiry and a statement of the conclusions based upon them; the second a more detailed statement of evidence derived from various sources and arranged according to countries.

There were two main sources of information. The first source was official. Valuable information had been obtained by means of the replies sent by Governments in answer to the specially framed questionnaire; and much other valuable information had been given to the investigators on the spot in conversation with Government officials and others. The other main source of information was from persons connected with this traffic. No fewer than 6,500 persons were interviewed, about 5,000 of whom were connected with commercialized prostitution. The experts did not suggest that the statements made by members of the underworld were accurate in every detail, but so far as was practicable they had been checked by corroborative evidence, and care was taken not to use any material the truth of which did not appear to be established. No names were given in the report; persons whose statements were quoted were indicated by cipher.

[1] *Official Journal*, VIII, p. 378.

[2] *Report of the Special Body of Experts on Traffic in Women and Children. Part I* (C. 52. M. 52. 1927. IV. 2).

The report of the committee on its session's work brought the matter before the Council again on June 16. The Council invited Governments to send in their comments on Part II of the report of the Special Body of Experts, by the end of September to be considered at a meeting of experts.

The Special Body of Experts met at Geneva for this purpose November 15–27. On December 5 [1] the Council considered the second part of the report as amended in the light of observations made by 19 Governments and information sent by another Government through a member of the Body. On the proposal of the British representative, the Council authorized the immediate publication of the revised report, including the observations of Governments and the comments of the experts. The rapporteur said that the Body of Experts had endeavored to give effect as far as possible to corrections of fact or other modifications suggested by Governments, some of which had criticized the methods of inquiry and conclusions, others confirming the general accuracy of its report. In several countries the position had changed for the better since the inquiry was begun, and legislative and administrative measures had been taken to cope with the evil dealt with in the report. A suggestion of the experts that it might be useful to extend the inquiry to countries which had not yet been visited was referred to the Traffic in Women Committee.

The second part of the report [2] contains facts about the traffic in 28 countries, namely, Algeria, Argentina, Austria, Belgium, Brazil, Canada, Cuba, Czechoslovakia, Danzig, Egypt, France, Germany, Great Britain, Greece, Hungary, Italy, Latvia, Mexico, Netherlands, Panama, Poland, Portugal, Rumania, Spain, Switzerland, Tunis, Turkey, United States and Uruguay. Visits were paid to 112 large cities in these countries, including the capitals and principal ports. The results of a preliminary survey in six other countries — the British West Indies, Denmark, Morocco,

[1] *Official Journal*, IX, p. 116.

[2] *Report of the Special Body of Experts on Traffic in Women and Children.* Part Two. (C. 52 (2). M. 52 (1). 1927. IV. 2[II].)

Norway, Palestine and Sweden — did not at the time appear to warrant fuller study.

Other Questions. At the sixth session of the committee, because certain countries had not submitted annual reports for 1925, it took measures for Governments to be reminded each year to send in their reports in time for its annual meeting.

The American Social Hygiene Association had undertaken to prepare a digest of laws and regulations relating to the traffic. The committee decided that this digest, which was nearly finished, should be sent in proof to Governments, to enable them to review and, if necessary, complete the text.

The committee considered the progress of its inquiries on licensed houses, the expulsion of foreign prostitutes and the employment of women police. In respect to the first of these, the Assembly requested the committee "to examine as soon as possible the question of the desirability of recommending to all Governments the abolitions of the system of the licensed house."

Comparatively few Governments had replied to its questionnaire on obscene publications, and the committee recommended that the Council should invite Governments which had not already done so to ratify or adhere to the international convention for the suppression of the traffic in obscene publications of 1923.[1]

2. Child Welfare

The third session of the Committee continued the work already begun on several subjects which had been under examination. Its program won the appreciation of the Assembly, which requested it to continue its activities along the lines now being followed, which were felt to be of practical value to Governments.

It has undertaken an inquiry on the effect of moving pictures on children and the Council approved [2] the sending

[1] League of Nations, *Treaty Series*, XXVII, p. 217.

[2] *Official Journal*, VIII, p. 782, 912.

of a questionnaire to Governments on the subject. This deals with the exchange of information on films and the better circulation of those specially suitable for children.[1]

The committee considered a report from its Legal Subcommittee on its work on draft conventions relating to the relief and repatriation of minors and to the enforcement of the obligation to provide maintenance when the parents were not resident in the same country as their children. The questionnaire on the draft conventions had been answered by the Belgian, American, French, British and Rumanian Governments, by the International Labor Office and the International Child Welfare Association. The International Union of the Save the Children Fund informed the committee that it had undertaken a special inquiry on the subject. The committee decided to recommend that other states should be invited to answer the questionnaire as soon as possible in order that the Legal Subcommittee could submit a comprehensive report on the subject.

The Council, at the Committee's request, instructed the Secretary-General to send to all states a questionnaire bearing on the rights and obligations of parents toward illegitimate children, affiliation proceedings, the legitimization of illegitimate children, the maintenance, inheritance or succession rights of illegitimate children, the official guardianship and the moral and material protection of illegitimate children.[2]

The question of the mental and physical recreation of the child was carefully considered by the Committee, which decided to appoint a certain number of rapporteurs to collect information for discussion at a later session.

As regards the protection of life and health in early infancy the committee noted a report from the League Health Section on the work of the Subcommittee of Experts on Infant Hygiene. It requested the Health Organization

[1] See also p. 128 [288].

[2] *Official Journal*, VIII, p. 915.

to refer to it all documents dealing with the social aspect of the question.

The question of family allowances was dealt with in a report from the International Labor Office,[1] which the committee requested to continue its investigations and furnish a further report.

On the subject of juvenile courts, the committee, after hearing a statement by Professor van der Aa, secretary-general of the International Prison Commission on the inquiry conducted by that commission, instructed the Secretariat to submit a report at its next session.

The question of blind children was fully dealt with in a report presented by François Martin, assistant delegate of France. The committee decided to examine at its next session any reports which specialized associations might submit.

3. Protection of Women and Children in the Near East

A final report on the five years' work of the Aleppo Branch of the Commission for the Protection of Women and Children in the Near East was presented to the Assembly by Miss Karen Jeppe in compliance with the request made at the Seventh Assembly. The commission was originally constituted as a Commission of Inquiry into deportations of women and children in the Far East, the actual rescue work beginning in March, 1922. In all, 1600 people have been rescued at an expense of a little over £18,000 — an average cost of £11 5s. per head, including cost of administration, maintenance of the rescue home, board, clothing, medical care, education and the settling on the land of some of the refugees. Seventy-five per cent of the rescued succeeded in getting into touch with relatives and 400 have become self-supporting.

[1] *Minutes of the Third Session of Child Welfare Committee*, p. 59 (C. 347. M. 121. 1927. IV).

X. RELIEF OF DISTRESS AND REFUGEES

1. Conference Establishing an International Relief Union

The Conference for the Establishment of an International Union[1] for the relief of populations stricken by disaster, summoned on the Council resolution of December 10, 1926, met at Geneva July 4–12, when it framed a convention, statutes and final act. The President, who was appointed by the Council, was M. Kulz, member of the Reichstag and former minister.

Delegates from the following 41 countries took part in the conference: Abyssinia, Afghanistan, Austria, Belgium, Bolivia, Bulgaria, China, Colombia, Cuba, Czechoslovakia, Danzig, Denmark, Egypt, Ecuador, Finland, France, Germany, Great Britain, Greece, Guatemala, Hungary, India, Irish Free State, Italy, Japan, Latvia, Monaco, Nicaragua, Liechtenstein, New Zealand, Poland, Portugal, Rumania, San Marino, Serb-Croat-Slovene State, Spain, Sweden, Switzerland, Turkey, Uruguay and Venezuela.

The International Committee of the Red Cross and the League of Red Cross Societies sent official representatives in an advisory capacity; members of the Preparatory Committee of the conference attended as experts. The Military Sovereign Order of the Knights of Malta sent an observer.

The Convention. The Union[2] is constituted between states, on the principle of official international solidarity and mutual aid in case of disaster, even though the idea of insurance has been completely abandoned. Each state member of the union undertakes to contribute to the establishment of an initial fund a share equal to 700 Swiss francs for each unit in its quota of the League budget. Its remaining resources will be purely voluntary in character, and with their aid it will be possible constantly to replenish

[1] See also *Yearbook*, p. 566; *Sixth Yearbook*, p. 317; *Seventh Yearbook*, p. 342.

[2] Convention and statute, *Official Journal*, VIII, p. 997.

the initial fund. One of the practical advantages will be the ability to send first aid immediately without waiting for the result of appeals to the public in case of disasters. It is this prompt dispatch of first aid which is lacking at a time when it would be most useful, namely, the period immediately following the disaster. In addition to rendering first aid, the object of the Union is to coordinate the efforts of relief organizations in the event of disaster, to encourage the study of preventive measures against disasters, and to induce all peoples to render mutual international assistance.

Although the Union has been constituted between states, it contemplates an extremely close cooperation with nonofficial organizations, in particular with the Red Cross Societies. States which desire to do so may be represented in the Union by their national Red Cross Society.

The International Relief Union will operate for the benefit of all stricken peoples regardless of race, nationality, or political or religious considerations. Its activities will nevertheless be limited to disasters occurring in the territories of members of the Union, or of a nature to affect these territories. The Union will have its seat in Geneva. It will be able to sue or be sued, and to acquire, with or without consideration, and to possess property of any kind, subject to the law of the country concerned.

In addition, the resources of the Union will consist of voluntary grants that may be made by Governments, private contributions, and donations and bequests. The financial responsibility of states members of the Union will be confined to the obligation to contribute to the initial fund. The contracting parties will undertake to accord to the Union and to organizations acting in its name, all immunities, facilities and exemptions for their establishments, for the movements of their staffs and supplies, for relief operations and for the publicity of appeals. The convention provides for the settlement by negotiation or by arbitral or judicial procedure (in the latter case through the Permanent Court of International Justice) of any

differences which may arise between states regarding the application of the convention.

The convention is open for signature until April 30, 1928. From May 1 of the same year it will be open for accessions. It will come into force when ratified or acceded to by 12 states, and when the combined contributions amount to 600 shares (420,000 Swiss francs).

Under the statutes adopted, the Union will be directed by a General Council, which will appoint an Executive Committee. The General Council will meet every two years, will serve as the deliberative and constitutional body, will be competent to deal with all affairs of the Union and will be composed of one delegate each from all the members of the Union. Members may be represented by their national Red Cross Society. The Secretary-General of the League of Nations may attend or be represented at all meetings of the General Council and the Executive Committee. Decisions will be by majority vote.

The Executive Committee will be composed of seven members appointed by the General Council for two years, and two representatives of the international organizations of the Red Cross in an advisory capacity. It will meet at least once a year, administer funds and represent the Union in its dealings with the League, with Governments, and with organizations. It will have power to act on behalf of the Union and to organize relief. It will prepare an annual report which will be communicated to the members of the Union and to the Council and Assembly of the League of Nations.

The Conference. The International Committee of the Red Cross and the League of Red Cross Societies, represented at the conference, approved the convention and expressed their readiness to discharge the tasks they might be called upon to perform in pursuance of its terms.

The International Committee of the Red Cross adhered to the work of the conference. T. B. Kittredge (American) of the League of Red Cross Societies recalled that its Board of Governors approved the declaration that the league

could be counted upon to assume its share of the burdens of the Secretariat of the International Relief Union, if called upon. The League of Red Cross Societies was prepared, in conformity with Art. XIV of the Statutes, to provide at its own expense such part of the permanent and central services of the International Relief Union as the Executive Committee of the Union might see fit to confide to it.

As to the American Red Cross, Mr. Kittredge said that, if the Government of the United States adhered to the convention, it would automatically assume the functions that would be delegated to it by its Government. In that event the American Red Cross would act as an integral part of the machinery of the Union. If, however, the Government of the United States did not become immediately a signatory of the convention, the American Red Cross still desired that, in international relief action, it should collaborate as closely as possible with the services of the Union. It was prepared to operate through the machinery of the Union in whatever relief action it undertook.

2. Refugee Problems

The refugee problem has been before the League since 1920. It first presented itself as a task of repatriating or caring for hundreds of thousands of persons whom the war had torn from their own homes and driven into other countries. The influx of these disorganized and destitute masses of humanity into several countries created a special problem. Dr. Fridtjof Nansen, under the auspices of the League, met those conditions with aid provided by various states, and now for several years has been working on the second phase of the problem, which concerns improving the anomalous status of the refugees, their employment and settlement. In order the better to cope with this phase of the problem, the League has maintained Dr. Nansen as High Commissioner for Refugees, but has intrusted the International Labor Office with solving the employment phase of the present problem.

Armenian Settlement. A scheme for settling Armenian refugees in the Republic of Erivan was investigated under the auspices of the League during two years. Dr. Nansen visited Armenia with a committee of experts and drew up plans for irrigating land for settlement, and a special commission appointed by the Council in 1925 and its technical experts spent several months in the country. Their reports [1] give in detail the technical irrigation scheme, its costs and possibilities, and general information as to the financial and economic situation in Armenia. To launch the scheme £1,500,000 is necessary. Owing to conditions in the Union of Socialist Soviet Republics, to which Armenia is affiliated, it is not possible to obtain this money by means of a public loan of the kind with which the League has hitherto been associated. The League therefore limited its association with the scheme to stating that, if the money required to finance the operation is forthcoming, it would undertake to supervise the due expenditure of the money.

The question was discussed by the Council on June 16 and 17.[2] Dr. Nansen said that there were approximately 250,000 Armenian refugees in Greece, Bulgaria, Constantinople and Syria, many of whom were in a miserable condition. He had suggested that, if the Armenian Government could raise the necessary funds for the irrigation of the area contemplated for settlement, he would endeavor to obtain the money for the transport and establishment of about 30,000 refugees. This would involve expenditure of about £300,000, one-third of which had been promised by Armenians in Europe and America. The question now arose whether it would be possible to raise the rest of the money. The Armenian Government had not so far given a final reply.

The Council decided that the minutes of its discussions and any further documents which Dr. Nansen might think desirable should be circulated to all Governments; that its

[1] *Scheme for the Settlement of Armenian Refugees. General Survey and Principal Documents.* (C. 699. M. 264. 1926. IV. 1927. IV. 1.)

[2] *Official Journal*, VIII, p. 773, 792.

members should invite their Governments to examine with sympathy Dr. Nansen's proposals, subject to satisfactory undertakings by the Armenian Government as to the irrigation of the settlement area.

On September 22 Dr. Nansen stated to the Council that a provisional promise from the Armenian authorities had not been fulfilled and that he was unable to get a confirmation of the agreement from the Armenian Government. It, therefore, appeared useless to him "to make further efforts to secure the realization of the plans to which so much time and attention had been given, unless at this present Assembly some new prospect is opened of material help." [1]

The representative of Rumania proposed a further appeal to all Members of the League to which would be attached the minutes of that meeting of the Council. This was done. By December the Rumanian Government had offered £1,000 and the Greek Government had offered to pay 25% of the cost of transporting Armenian refugees to the Caucasus.

The Armenians in the French mandate of Syria were being cared for to some extent. At the beginning of 1927 there were 90,000 Armenian refugees in Syria, 40,000 of whom were in camps and needed assistance. A joint Armenian Subcommittee attached to the High Commissioner drew up settlement schemes and constituted a revolving fund, to which the Lebanon Government contributed £25,000 and £10,000 was provided by the High Commissioner or philanthropic organizations. The Eighth Assembly had before it a report on this work and expressed the hope that the necessary additional funds would be secured and that the refugees in Syria would be adequately taken care of, with the continued cooperation of the mandatory state.

Placement of Refugees. Proposals were received by the International Labor Office both from South American Governments and responsible private enterprises in Argen-

[1] *Official Journal*, VIII, p. 415.

tina, Bolivia, Brazil, Paraguay and Peru, to receive 30,000 refugee immigrants for land settlement in return for an advance of some £20 per head from the revolving fund. A second Inter-Governmental Conference [1] in Geneva on June 15 and 16, 1927, therefore, approved in principle overseas settlement for Russian and Armenian refugees, and expressed the hope that the Governments at present expending large sums for the maintenance of refugees would find it possible to adopt one of the means recommended by the Inter-Governmental Conference for advancing the necessary emigration expenses. The application of the recommendations would enable the interested Governments to eliminate from their budgets in a comparatively short space of time the heavy annual expenditure of £2,000,000 at present incurred by them for the maintenance of unemployed refugees without involving themselves in any absolute capital expenditure.

The Assembly urged Governments to inform the High Commissioner what measures they were prepared to take for financing the settlement of refugees from their territories. Germany had already promised a first contribution of 100,000 R.Mks. to the revolving fund. The Czechoslovak, Polish and Serb-Croat-Slovene Governments were willing to participate in this scheme.

[1] League of Nations, A. 30. 1927. XIII. 1.

XI. COMMUNICATIONS AND TRANSIT

1. Third General Conference

The Third General Conference on Communications and Transit met at Geneva August 23–September 2. Aristides de Aguero y Bethancourt (Cuba) was president. The conference is a triennial fixture of this technical organization. The third conference did not undertake the elaboration of any general conventions, as its predecessors had. It was the first occasion of a general conference meeting with "the main object of supervising and bringing to the highest point of efficiency the methods of international coordination utilized by the League of Nations in the domain of transports." Apart from the Governments represented, the presence in an advisory capacity of a very large number of international organizations helped to give this conference its particular character and to make it an instrument for the general coordination of international activity.

The conference was attended by representatives of 41 countries, including four non-Members of the League.

There were also present in an advisory capacity, besides representatives of the Saar Governing Commission, delegates from the following:

Members of the Advisory and Technical Committee for Communications and Transit, Experts appointed by the Advisory and Technical Committee for Communications and Transit, Permanent Technical Hydraulic System Commission of the Danube, International Elbe Commission, International Oder Commission, Central Commission for Rhine Navigation, International Railway Union, International Central Railway Transport Office, International Chamber of Commerce, International Shipping Conference, International Federation of Transport Workers, Christian Union of Transport Workers, International Labor Office, International Broadcasting Union, International Air Traffic Association, International Commission for Air Navigation, International Technical Committee of Legal Experts for Air Navigation.

The conference set up three committes to study:

1. The question of the collection and exchange of general information on communications and transit. Chairman, Hugh R. Wilson (United States).

2. The question of identity documents for persons without nationality. Chairman, M. de Ruelle (Belgium).

3. The revision of the Rules of Organization and the Rules of Procedure of the Organization on Communications and Transit. Chairman, Gustavo Guerrero (Salvador).

General Resolutions. The conference in a resolution introduced by the International Shipping Conference drew the Council's attention to the urgent necessity of obtaining further ratifications to the general conventions concluded by the previous conferences. Signatures or accessions not yet followed by ratifications were:

Convention and statute on freedom of transit, Barcelona, 1921–13;

Convention and statute on the régime of navigable waterways of international concern, Barcelona, 1921–17;

Convention and statute on the international régime of railways, Geneva, 1923–24.

Convention and statute on the international régime of maritime ports, Geneva, 1923–18.

A resolution, submitted by the Hungarian delegation and amended by the French and German delegations, recognized the extreme importance of freedom of transit not being interfered with by grave occurrences of a general character affecting routes of communication, and recommended that the Advisory Committee should make an exhaustive study of means of insuring, as far as possible, the maintenance of international transit by the preconcerted utilization of alternative routes.

On the Latvian delegation's proposal, the Advisory Committee was asked to examine the position which arose when considerations of an international character obstructed the freedom of communications and international transit and created a situation calculated to paralyze and impoverish economic life.

Revision of Rules. The conference revised the rules of organization and the rules of procedure of the Transit Organization in the light of the experience gained since the Barcelona Conference of 1921. The new text does not differ essentially from the former one, the object being merely to legalize the established practice. One provision due to the presence of non-Members of the League required and received the approval of the Assembly. This was the recognition that non-Members of the League represented in the Organization might be appointed to serve on the Advisory and Technical Committee, their number not to exceed one-third of the number of the members of the Organization which are not Members of the League.[1]

Identity Documents. A Committee of Experts met at Geneva, January 12–13 to study the question of identity documents for persons without nationality and to give effect to a recommendation of the passport agreement of May 18, 1926. The discussions in the conference of this committee's proposals revealed the complex nature of the problem, but they were adopted. They are similar to those adopted by previous conferences in regard to passports.

The conference recommended [2] that traveling facilities should be accorded, by the issue of a uniform type of document, to persons who are without nationality or of doubtful nationality in consequence of the war or for causes arising directly out of the war, the nondelimitation of frontiers, or a conflict of laws, pending international settlement of this matter, such document to be based on the international type of passport recommended in the final act of the Passport Conference, signed at Geneva on May 18, 1926, and to be entitled "Identity and Traveling Document." The Government issuing an identity and traveling document should be entitled to extend its validity or to renew it; the authorities of the country in which the holder of the document happened to be might issue a new document and should withdraw that which had expired.

[1] *Official Journal*, VIII, at p. 1605.

[2] Same, p. 1611.

The validity of the document should, in principle, be six months, and it should be good for all countries or for as many countries as possible.

Collection of Information. The conference made an exhaustive study of the question of the collection and exchange of general information on communications and transit, the utility of which had been pointed out by the Assembly in 1926. The United States delegation took an active and important part in this work, the head of the delegation being chairman of the committee. In a statement to the committee on August 27, Norman F. Titus emphasized the importance of the conference, and particularly the exchange of information, to the United States. He said that the entire American delegation intended to urge, "with all the power and influence that it possesses," that the United States should henceforth be represented at commercial conferences of the League of Nations and also at those convened by other international bodies.[1]

The resolution adopted by the conference on September 2, and approved by the Assembly, consisted of a general decision and of detailed suggestions as to the kind of information which might be collected on ports and maritime navigation, inland navigation, railways, electric questions, road traffic and air navigation. This information should bear upon agreements between states, bills published, acts and regulations in preparation; it should further include general data as to work planned or proceeding, statistics, etc. The general decisions imply an expenditure up to 100,000 Swiss francs and lay down general principles.[2]

2. Advisory and Technical Committee

The Advisory and Technical Committee on Communications and Transit met during 1927 as follows:

10. Geneva, February 28–March 5.
11. Geneva, August 19–22.

[1] *Third General Conference on Communications and Transit, Vol. II*, p. 19 (c. 558 (*a*). M. 200 (*a*). 1927. VIII. 15[II]).

[2] Same, p. 52.

The committee is elected by the conference. It is composed of 18 members, five appointed by the permanent Members of the Council and 13 by states selected by the conference according to the principle of geographical representation and the technical interests of the Transit Organization. The members thus elected hold office until the next General Conference holds elections. The members appointed by the Third General Conference are: Argentine Republic, Austria, Colombia, Greece, Latvia, Netherlands, Panama, Portugal, Salvador, Serb-Croat-Slovene State, Siam, Sweden and Switzerland.

Ports and Maritime Navigation. The Permanent Committee for Ports and Maritime Navigation held its third session in London February 3–5.

Maritime Tonnage Measurement. The committee contemplated an investigation of this problem on very broad lines. It would be advisable, in the first place, to examine ways and means of securing a more satisfactory cooperation of the administrations concerned with a view to the application of existing methods and regulations. Such cooperation, the need of which is especially felt in the maritime countries of continental Europe, could only be provided for by correspondence between the competent authorities. The committee also considered the possible effects of a change in the regulations and methods so far as the dues payable in ports were concerned.

The Technical Committee for Maritime Tonnage Measurement continued the study of the question, holding its first session at London April 5–8. On July 5–15 a subcommittee met at London and drew up a provisional report for the committee. The committee itself has considered all questions relating to gross tonnage, except those concerning open shelter-deck vessels and open superstructures, and has begun to study net tonnage problems.

Inland Navigation. The Committee on Statistics in Inland Navigation met at Geneva from May 16–21 and from October 12–17 to consider the question of the unification of commercial statistics in European inland navigation,

with a view to rendering more easily comparable the figures given by the various countries.

An inquiry regarding inland navigation in Europe was closed with a detailed study of important problems of inland navigation concerning Poland, in which country a special mission of experts examined on the spot — in agreement with the Polish Government — the conditions for the construction of various canals, the regulation of the Vistula, the routes of access to outlets on the Baltic, the drainage of the Polesian marshes, etc. With the report submitted on this question and communicated to all Governments, the Advisory Committee, in conformity with a resolution of the Genoa conference of 1922, entered upon the path of providing practical assistance to Governments with a view to the economic reconstruction and development of Europe.

Private Law. The Committee on Private Law in Inland Navigation at its third session, June 2–4, considered that the question of damages as the result of collision, the question of the nationality of ships engaged in inland navigation and the question of registration, are comparatively ready for international examination. The work of the committee is being continued on the questions of privileges, mortgages, etc.

Buoyage and Lighting of Coasts. The committee communicated the final report of the Technical Committee for Buoyage and Lighting of Coasts to the Governments of all maritime countries. The technical committee recommended measures aiming at the establishment of uniform regulations for luminous signals, port signals and buoys. After the receipt of any observations of the Governments concerned, the Advisory Committee will take measures to further either a general international agreement or regional agreements between Governments.

A subcommittee of the Committee on Buoyage and Lighting of Coasts met at Stockholm June 27–July 3 to test the so-called cardinal system of buoyage, in regard to which provisional regulations had been drawn up by the committee in August, 1926.

Treatment of Masters and Crews in Ports. The committee decided to draw the attention of Governments to the necessity of giving captains and crews in ports all reasonable facilities for going ashore, so long as legislation concerning police regulations, emigration, etc., were complied with.

Combined Transport. The first session of the Subcommittee on Combined Rail and Air Transport was held at Geneva on August 8–9. There appeared to be no insuperable obstacle to the organization of combined rail and air transport with a single transport document for the whole journey. It asked the International Railway Union and the International Air Traffic Association for additional information as to the conditions governing such a document. As the introduction of a single transport document might take some time, the subcommittee recommended in the meantime the general adoption, subject to slight modifications, of a system in use in Germany. According to this system, the sender enters into one contract with the air transport company, which concludes secondary contracts with the other transport companies.

The Subcommittee for Combined Traffic between Railways and Enterprises other than Railways met in Dresden June 24–25. It examined the question of combined transport by rail and by water, with special reference to the Rhine, the Elbe and the Danube. It considered the various difficulties in the way of combined transport, in particular those concerning the responsibility of the contractor, joint tariffs and single transport contracts.

Road Traffic. The fourth session of the Permanent Committee on Road Traffic was held in Vienna from April 25 to 28 at the Ministry of Commerce and Communications, and its fifth at Geneva November 23–26.

The committee was of the opinion that, in the interests of safety, the endeavors made with a view to the unification of the "rule of the road" should be supported. Such unification might be realized in a not too distant future, as far as continental Europe was concerned. It adopted a resolution recommending the general adoption of right-

hand traffic as the most expedient and feasible solution of the problem in European states, this rule having already been applied by the majority of these states. The committee examined the question of road signals.[1]

Memel Harbor Board. The annual report of the Memel Harbor Board for 1926, was examined in the presence of Y. Kjelstrup, the member appointed by the Committee on Communications and Transit, by that committee during its 11th session. The import and export traffic in the Port of Memel tended to increase during the year. A considerable number of works were undertaken, and the port was put in normal working order. Revenues were approximately equal to those of the past year and expenses were reduced by one third. This report is the first to be unanimously adopted by the members of the board, and without reservation by the Member appointed by the League.

3. The Straits Commission

By Art. 15 of the convention relating to the Straits signed at Lausanne, July 24, 1923, the Straits Commission performs its functions under the auspices of the League and makes an annual report to the Council. The second report of the commission was presented to the Council on June 16 and covered the year 1926.[2]

The convention in question lays down the detailed rules for what amount to the neutralization of the Dardanelles, Sea of Marmora, and Bosporus. In peace and war the commission is intrusted with administration under these rules.[3]

One of the interesting developments brought out by the report was whether the Turkish Government is under obligation to report the passage of its own vessels through the Straits. It having come to the commission's attention that Turkish warships had passed through without a report,

[1] *Report of the Permanent Committee on Road Traffic regarding Road Signalling.* League of Nations, C. 15. M. 8. 1928. VIII. 1.

[2] *Official Journal*, VIII, p. 778.

[3] *Treaty Series*, XXVIII, p. 115.

this matter was called to the attention of the Turkish Government, which contended that the duty to report passage applied only to foreign naval forces. The Angora Government added that it would be willing to furnish the information as a matter of courtesy, "if Turkey were to establish the strongest fleet in the Black Sea." The commission did not regard this reply as satisfactory and requested the Turkish Government to inform it of the passage of Turkish warships through the Straits as a matter of courtesy.

The question of action upon the report of the commission was decided by the Council. The Council in principle reached the conclusion that the reports of the Straits Commission should be forwarded to the Members of the Council and to the states signatory to the convention as soon as they were received and for their information to all states Members of the League. It is contemplated that any action required by the Council will be initiated by the states signatories to the convention.

In its first report the commission made a point of not having received information as to the naval forces of the Soviet Union in the Black Sea. It was not until December 16, 1926, that a first report from that Government was received.[1] That report was as of July 1, 1926. Subsequently the Soviet Union reported its naval strength on January 1, 1927, in a much modified form.[2]

[1] *Official Journal*, VIII, p. 318.

[2] Same, p. 630.

XII. MANDATES

Permanent Mandates Commission

Most of the mandated territories were former German colonies. On Germany's admission to the League a public discussion arose as to the propriety of German representation on the Commission which is composed of members "selected for their personal merits and competence," not holding any "position of direct dependence on their Governments." The Seventh Assembly had passed a budget providing for an additional member of the Commission.

The Council consulted the Commission, which in the report of its 11th session unanimously observed [1] that this question was of political significance, and that accordingly, the Council, in applying to a body whose character was fundamentally technical, could only desire it to state whether there were any technical objections to this proposal. The majority concurred in the view that there was no technical objection, the minority stating that it would welcome whatever decision the Council might take, but would abstain from expressing an opinion on account of the political character of the question.

On September 8 the Council amended the Rules of Procedure of the Commission so as to increase its membership from nine to ten, and on September 9 it appointed Dr. Ludwig Kastl a member of the Commission. Dr. Kastl was in the German colonial service in South West Africa from 1910 to 1920.[2]

Meetings. The Commission met twice during 1927:

11. Geneva, June 20–July 6.[3]
12. Geneva, October 24–November 11.[4]

[1] *Official Journal*, VIII, p. 1257.

[2] Same, p. 1132.

[3] *Permanent Mandates Commission. Minutes of the Eleventh Session.* C. 348. M. 122. 1927. VI; Report, *Official Journal*, VIII, p. 1256.

[4] *Minutes of the Twelfth Session.* C. 545. M. 194. 1927. VI. A. 10.

Examination of Reports. At the 11th session of the Commission it examined annual reports on Nauru, French Cameroons and Togoland, New Guinea, Tanganyika, South West Africa, Palestine, Syria and Lebanon mandates in the presence of the mandatory's representatives.

The agenda of the 12th session included the annual reports on Iraq, Cameroons, Togoland, Ruanda-Urundi, Samoa and Pacific Islands under Japanese Mandate.

The commission commented favorably upon the responsible character of the accredited representatives of the mandatories during both sessions.

The actual examination of the reports brought out many details of administration of a technical and routine character and the commission specified in most cases a desire for more specific information on points peculiar to the various territories.

Mandated Territories

Iraq. When the Principal Allied and Associated Powers allocated mandates in 1919, it was contemplated that Iraq, then known as Mesopotamia, should be an "A" mandate. However, a monarchical form of government was established and the inhabitants exhibited so much ability in handling their own affairs that a treaty of alliance was concluded on October 10, 1922, with the British Government, which was the designated mandatory. Still other treaties followed and there was no definite confirmation of a mandate by the Council. On September 27, 1924, however, the Council adopted a resolution embodying a unilateral undertaking of the British Government which defined its responsibility as mandatory in the transitional period. On December 14, 1927, Iraq and the United Kingdom signed a treaty to replace that of October 10, 1922. By Art. 1 of this treaty "his Britannic Majesty recognizes Iraq as an independent and sovereign state."

By Art. 8, "provided the present rate of progress in Iraq is maintained and all goes well in the interval, his Britannic

Majesty will support the candidature of Iraq for admission to the League in 1932." Iraq undertakes to accede to all general international agreements concluded with the approval of the League of Nations with respect to various matters; undertakes to execute the provisions of the Covenant and certain other treaties so far as they apply to Iraq and to cooperate in social, humanitarian and other activities "in the execution of any common policy adopted by the League of Nations."

With respect to Great Britain, the position of the High Commissioner is defined and provision is made for the supersession of financial, military and judicial agreements. An interesting provision is that "any differences that may arise between the high contracting parties as to the interpretations of the provisions of this treaty shall be referred to the Permanent Court of International Justice."

Syria and Lebanon. Art. 1 of this mandate provides for an Organic Law, which had not been promulgated. On March 12 the French representative stated to the Council [1] that the mandatory state was actively pursuing its efforts so as to issue such a law. The cause of the delay was explained as due to the first necessity of promoting agreement among the populations concerned and reconciling their conflicting desires as regards the statute. The diversity of the communities inhabiting these territories, their conflicting rights, interests and wishes, and the desire expressed by several of them for an autonomous political régime rendered this task extremely difficult, especially after the events which in 1926 so profoundly disturbed the peace and threatened public security. For these reasons the framing of the Organic Law had not progressed beyond the stage at which it was found possible to bring into harmony the interests of the previously constituted autonomous states. A provisional statute, therefore, had been drawn up for each of those districts in which a sufficient measure of agreement has been reached among the various groups of inhabitants.

[1] *Official Journal*, VIII, p. 417.

On September 8,[1] the Council expressed satisfaction that the revolt in the Djebel Druse had come to an end and hoped that, as a result of the negotiations with the Syrian and Lebanese authorities, the mandatory would be in a position to proceed, within a reasonable time, to the promulgation of the Organic Law.

Status of Mandate

At its 10th session in October, 1926, the Commission noted that on June 22, 1926[2] an agreement had been concluded on the frontier between the mandated territory of South West Africa and the Portuguese colony of Angola by the Government of the Union of South Africa and the Portuguese Government. The second paragraph of the preamble of this agreement reads:

> And whereas under a mandate issued by the Council of the League of Nations in pursuance of Art. 22 of the treaty of Versailles, the Government of the Union of South Africa, subject to the terms of the said mandate, possesses sovereignty over the territory of South West Africa (hereinafter referred to as the territory) lately under the sovereignty of Germany.

In its report to the Council the Commission expressed its doubt whether the expression "possesses sovereignty," even when limited as in the above passage, could be held correctly to define, having regard to the terms of the Covenant, the relations between the mandatory power and the territory placed under its mandate. On March 7 the Council instructed the Secretary-General to transmit this opinion to the Union of South Africa.[3]

The Commission called attention to the matter again in the report on its 11th session because it seemed to imply a legal claim "not in accordance with the fundamental principles of the mandates system." It had also come to

[1] *Official Journal*, VIII, p. 1119.

[2] Great Britain, *Treaty Series*, No. 29 (1926).

[3] *Official Journal*, VIII, p. 347, 426.

attention that the Prime Minister had reiterated in Parliament a decision of the Supreme Court of South Africa that "the *majestas* or sovereignty over South West Africa resides neither in the Principal Allied and Associated Powers, nor in the League of Nations, nor in the British Empire, but in the Government of the Union of South Africa." As a consequence, the Commission was "anxious to know the exact meaning which is to be attributed to the expressions referred to" and whether the term "possesses sovereignty" implies "that the Government of the Union regards itself as being sovereign over the territory itself." [1]

On September 8 the rapporteur of the Council stated that, owing to the provisions and decisions affecting the mandated territories, the legal relationship between the mandatories and the territories under mandate "is clearly a new one in international law, and for this reason the use of some of the time-honored terminology in the same way as previously is perhaps sometimes inappropriate to the new conditions." [2]

Petitions

At the 11th session the Commission examined petitions relating to Palestine, Syria, Lebanon, French Togoland and South West Africa, and at its 12th session those regarding Palestinian nationality from Arabs living in Honduras, Salvador and Mexico, a petition from members of the Rehoboth Community (South West Africa) and a petition concerning certain Adjijo Tribesmen (French Togoland). The conclusions reached with regard to these were the subjects of separate reports.

Petitions were also considered at this session from the Executive Committee of the Palestine Arab Congress, the Zionist Organization, the Ashkenazee Community of Jerusalem, and the Syro-Palestinian Committee. These dealt with grievances concerning Jewish immigration, self-government, land tenure, languages and the rights of religious minorities.

[1] *Official Journal*, VIII, p. 1262.

[2] Same, p. 1120.

XIII. ADMINISTRATION OF TERRITORY

1. Saar Basin

Governing Commission. George W. Stephens (Canadian), resigned from the commission to take effect as from March 31, 1927. Mr. Stephens was appointed a member of the Governing Commission in September, 1923. He was at first in charge of the Department of Finance and Food Supply. He was appointed chairman in March, 1926, in charge of the Departments of Foreign and Home Affairs.

Sir Ernest H. Wilton, former British minister in Latvia and Estonia, succeeded him on June 20 as chairman and member of the Saar Governing Commission until March 31, 1928.

The other members of the commission continued in service during the year.

The Governing Commission, which has charge through its individual members of the entire administration of the territory, renders detailed reports quarterly to the Council of the League.[1]

Railway Defense Corps. In accordance with a Council resolution of March 12, 1927, the Governing Commission organized a Railway Commission and a Railway Defense Force and the French military force known as the "Saar Garrison" has been disbanded. The Governing Commission engaged in negotiations with the powers occupying the left bank of the Rhine with a view to the constitution in the territory of a Railway Defense Force of 800 men. The French Government agreed to furnish 630 men, the British Government 100, and the Belgian Government 68. The Belgian and British contingents entered Saarbruck on July 11. The military buildings vacated have been placed at the disposal of the Saarbruck municipal authorities and social welfare organizations.

[1] The 29th to 32nd periodical reports cover the year 1927; see *Official Journal*, VIII, p. 679, 1044.

These arrangements finally disposed of the problem of French troops quartered in the territory, of whom there were 7,977 on February 1, 1920. By 1922 this force had been reduced by two-thirds and thereafter steady pressure by the Council was exerted for their complete removal. The first positive action was on a report of the Commission dated January 28, 1926,[1] and the final resolution accepted the terms of a report dated February 18, 1927.[2] The question had narrowed down to the insurance of freedom of transport and transit over the railroads. As this was in the interest of the parties to the treaty of Versailles, it was held that the expense should not fall upon the Saar Basin. The Railway Defense Force has no responsibility for order in the territory, being for the sole purpose of protecting railroad service. A Railway Committee of not more than 100 persons is maintained to manage the details connected with the service. Normally the railways are under the control of their own personnel, but if this should fail the committee would be instructed by the Governing Commission to assume full charge.

Administrative Details. The Advisory Council and the Technical Council, which are bodies established to give the Governing Commission opportunity to consult with elected representatives of the people, continue to function effectively.

The housing control, which ceased in 23 communes during the second quarter of 1927, was brought to an end on October 31.

The budget for 1927 showed revenues of 403,232,037 French francs and expenditures of 403,034,456 francs, a balance of 197,581. The 1927 revenues included 20,978,131 francs surplus of previous years.

In 1926, the population of the territory rose from 773,764 to 786,108, an increase of 12,344 compared with 10,568 in 1925. The number of viable children was 17,571 compared with 18,760 in 1925. There were 8,596 deaths (8,360 in

[1] *Official Journal*, VII, p. 527.

[2] Same, VIII, p. 599.

1925). The excess of births over deaths was 8,975 (10,434 in 1925) and an increase of 3,369 was due to immigration.

In order to unify education, the primary school with a four years' curriculum has been made the standard school of the territory. The preparatory schools for higher educational establishments have been suppressed. The higher schools were transformed into "Reformrealgymnasion" several years ago. The curriculum includes a first stage of three years with French as foreign language, followed by two alternative courses — the "Realgymnasium" with French, English, Latin and mathematics, and a course including instruction in French, English, mathematics and natural science. There are 23 of these schools. Special institutes, the so-called "établissements régionaux d'études," have been founded for pupils who have attended a primary school for seven years and wish to prepare for the university.

A draft decree obliging all young people from 14 to 18 years of age, who have left school, to attend courses relating to their profession for eight hours a week on an average during a period of three years has been approved. Since 1920 more than 500 new training courses, a special school for machine construction, architecture and foremen, a school of industrial art and normal courses for the preparation of staff have been founded. The number of pupils attending the compulsory training college has risen from 3,800 to more than 15,000. More than 100 buildings have been placed at the disposal of these schools.

The Governing Commission founded seven scholarships to enable teachers to attend lectures on international questions at Geneva. It also published, for teachers, a general pamphlet on the work of the League.

During the first three months of 1927, Saar business circles complained of difficulties encountered in export sales. The first steps taken by the commission resulted in a reduction of the price of coal which the Mines Administration agreed to apply without lowering wages; a reduction in railway goods tariffs; and the study of a scheme of reform

as regards taxes on earned income. Subsequently, the State Mines Administration and the Saar Employers' Syndicate decided to proceed to a reduction of wages in order to render possible a further reduction in the price of coal and avoid serious unemployment. The crisis toward the end of the year was somewhat ameliorated by the introduction of "unemployment days," against which workmen organized a protest on August 8. However, dismissals from April 9 to August 31 were only 1.1% of those employed, with none in September. Strikes and labor disturbances were not numerous, though a certain amount of Communist disorder occurred in the course of the year.

On November 10, 1926, the French and German Governments concluded an arrangement adapting the Saar Customs régime to the situation created by the signature of the Steel Trust. This arrangement provides the Saar finishing industry with facilities as regards the duty-free export of its products to Germany in exchange for the duty-free import into Saar of certain products and machines.

The Franco-German agreements relating to the commercial operations of the Saar Territory expired on June 30, but were prolonged. The conclusion of the Franco-German commercial treaty of August 17, 1927 is of considerable importance for the territory. The German and French Governments began negotiations in October with a view to adapting the Franco-German agreement to the situation created by the new commercial treaty.

2. Danzig

The questions relating to Polish rights in Danzig which came before the Council during 1927 were connected with the military and naval privileges of the Warsaw Government.

Westerplatte Munitions Depot. The Council [1] decided in March, 1924, that the Westerplatte Peninsula in the territory of the Free City should be placed at the disposal

[1] *Official Journal*, V, p. 529, 536, 687.

of the Polish Government for the purpose of unloading, storing and forwarding to Poland war material and explosives in transit. After the completion of the works, the Governments of Danzig and Poland began negotiations under the chairmanship of the High Commissioner, Joost van Hamel, on technical points, such as the right of admittance of Danzig authorities to the Westerplatte area, the control and supervision of the observance of the safety regulations in this area, the manner of regulating customs clearance, regulations applicable to consignments of war material and explosives leaving the Westerplatte area, the definition of "war material" which may be transported. The negotiations having failed, the High Commissioner, in April, 1927, issued regulations to which both the Danzig and Polish Governments raised objections. He then asked the Council in a letter dated May 30, 1927, to give a final decision on the subject. The Council on June 17 postponed a decision owing to lack of time to study the question adequately.[1] The rapporteur, Enrique Villegas (Chile), on September 27 [2] informed the Council that the results of his inquiry confirmed the essential points of the High Commissioner's memorandum of April 8, 1927, by which the questions had been settled. The president of the Danzig Senate, and the German representative asked the Council to proceed to a thorough examination of certain legal aspects of the question. The Polish representative stated that his Government would be ready to accept the report as it stood. The legal questions were postponed and the rapporteur was to obtain the opinion of two jurists. On December 12 the Council remitted the matter to direct negotiation.

Storage and Transport of War Material. A request from the High Commissioner for instructions as to the procedure to be followed in regard to applications for permission to convey through Danzig war material consigned to a country other than Poland was referred by the Council to the Per-

[1] *Official Journal*, VIII, p. 801.

[2] *Minutes of the 47th Session, Official Journal*, VIII, p. 1423.

manent Advisory Commission on Military, Naval and Air Questions on March 7. A decision of the Council dated June 23, 1921,[1] prohibited the storage and transport in Danzig of war material unless the consent of the Council had been obtained.

The Permanent Advisory Commission on Military, Naval and Air Questions in Geneva on April 6 drew up for the Council a unanimous report to the effect that, from the technical point of view, it saw no objection to the High Commissioner authorizing applications, but that it was desirable that the Council should be informed of the results.

On June 13 the Council authorized the High Commissioner to deal, on its behalf, with requests submitted to him with a view to obtaining the Council's consent to such operations, and directed that it be informed of the results of the applications.[2]

Manufacture of Aircraft. The Air Subcommittee of the Permanent Advisory Committee on Military, Naval and Air Questions met at Geneva from July 20–22 under the chairmanship of General Sugiyama (Japan), to consider a question referred to it by the Council concerning the manufacture of aircraft in the Free City of Danzig, on which the Council had placed restrictions in 1921 and 1922. The Council on September 3 [3] noted the opinion of the subcommission and adopted the conclusions of its rapporteur. In the event of a definite request for the establishment of a civil aircraft industry, the High Commissioner would be called upon to supervise that industry in accordance with the instructions of the League. He might, in case of doubt refer the question to the Council, which would, if necessary, ask the air subcommission to establish regulations to assist the High Commissioner in exercising this supervision.

[1] *Official Journal*, II, p. 659.

[2] Same, VIII, p. 748.

[3] *Minutes of the 46th Session, Official Journal*, VIII, p. 1117.

XIV. PROGRESSIVE CODIFICATION OF INTERNATIONAL LAW

The third annual session of the Committee of Experts for the Progressive Codification of International Law was held at Geneva from March 22 to April 2. The committee in 1928 will complete the work already begun.

Replies from about 30 Governments to questionnaires submitted to them for their opinion on seven subjects were considered: conflict of laws in the matter of nationality, territorial waters, diplomatic privileges and immunities, the responsibility of states for damages done in their territories to the person or property of foreigners, the procedure of international conferences and procedure for the conclusion and drafting of treaties, suppression of piracy, and the exploitation of the products of the sea. In its report to the Council the committee felt that these questions were ripe for regulation in the near future by international agreement and recommended that one or more conferences should be convened. It drew up a special report on the procedure which might be adopted in preparing such conferences.

Conference. The holding of a conference was discussed by the Council on June 13 on the basis of this report. The Committee decided that five questions were practically ready for international regulation and the Council discussion directed itself to them: nationality, territorial waters, diplomatic privileges and immunities, the responsibility of states for damage done in their territories to the person or property of foreigners, and piracy.

M. Zaleski, the rapporteur, proposed that the Council should refer to the Assembly, as matters for its decision, the questions of the convocation of conferences and the methods of preparing their work. Both the rapporteur and Council were in favor of holding a single conference to deal

with as many subjects as possible. August Zaleski was of the opinion that it might be possible to exclude the questions of piracy and diplomatic privileges and immunities from a first conference.

Regarding the method of convening the conference and arranging for the preparatory work, M. Zaleski thought that it would be convened either by the Council, under the auspices and at the expense of the League, or by a Government possessing a traditional interest in the advancement of international law and the special experience necessary for the task, and desiring to act as the mandatory of the League. The arrangements for the preparatory work would depend largely upon the course chosen. The rapporteur considered that the first stage would be to request the Governments to submit full statements of what, in their opinion, was the existing international law and practice on each of the points to be dealt with.

The Assembly settled the matter in a resolution which specified the subjects to be handled in a conference and the circumstances under which it should be convened in 1929.[1]

The United States intends to be represented in the conference.

The Preparatory Committee. Appointments were made by the acting president of the Council on November 4 as follows: Professor Jules Basdevant (France); Carlos Castro Ruiz (Chile); Professor François (Netherlands); Sir Cecil Hurst (Great Britain); M. Pilotti (Italy).

The committee will prepare on each question a report giving a detailed basis of discussion, making use, above all, of the work of the Committee of Experts, and to taking account of resolutions already adopted or in process of being framed by the Institute of International Law, the International Law Association and other similar bodies. Lastly, in order to insure the universality of international law, it will take into account the extensive effort at codification made during recent years by the Pan-American Union.

[1] Resolutions and Recommendations adopted by the Assembly during its Eighth Session, p. 9 (*Official Journal*, Spec. Sup. No. 53).

After this preliminary work and general survey of the subjects to be dealt with, the committee will approach the Governments of the states Members and non-Members through the Secretariat. It will draw up a schedule for each question within the program of the conference, indicating the various points suitable for examination. On each point states will be invited to furnish information from the point of view of their positive law, information derived from their own practice, and their wishes as regards possible additions to the rules in force and the manner of making good present deficiencies in international law. At the end of its inquiry, the committee will be in a position to establish the points on which there is agreement or any degree of divergency, in respect of each aspect of the questions. The progress of the work will be examined by the Assembly at its next session.

As no American was included in the committee, an American Advisory Committee on the Codification of International Law was organized under the auspices of the Harvard Law School with the aid of a grant of $15,000 from the Commonwealth Fund. George W. Wickersham was elected chairman of this committee, which consists of some 35 teachers and practitioners of international law, including the solicitor of the Department of State. The committee plans to prepare a systematic statement of American thought on the subjects to come before the conference.

Objects and Status. The codification of international law has played so large a part in public discussions and its purpose, methods and the results obtainable from it have been so diversely interpreted that a clear statement on the League activities was made by the rapporteur to the Council on June 13.[1]

[1] *Official Journal*, VIII, p. 750.

AMERICAN NEUTRALITY

AND

INTERNATIONAL POLICE

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FOREWORD

Public attention in this country is now focused upon Mr. Kellogg's proposals for a general treaty for "outlawing" war. At the same time Congress has before it resolutions looking toward drawing in the future a distinction between legitimate and illegitimate wars. Simultaneously there is a move toward restating the old international rules of maritime warfare, including the law of neutral rights and duties. Thus run the parallel movements in the United States to prevent wars and to regulate them when they break out.

No future war can be unaffected by the new international situation created by the existence of the League of Nations. The United States can not ignore facts. The question is whether the United States — even without joining the League — will cooperate fully, not only in the international effort to avert wars, but also in the effort to perfect a new world order in which a nation with aggressive designs must contemplate facing an indignant and cooperating world instead of one in which it can secure the bountiful assistance which the old law of neutrality permitted. The United States holds one of the key positions; much depends upon the attitude which this Government will take.

The following study purports merely to indicate the problems arising out of this present situation. The practices of the last great war may be an index to measures which might be taken in applying the sanctions provided for in the League Covenant. The writer, however, is far from prophesying that the emergency provided for in Art. 16 of the Covenant will soon arise or that it will be met by a testing out of international police measures. The indications are rather that for some time to come the effort will be to avoid the issue. The current public interest in restatements of the laws of maritime warfare, in the future of neutrality, in "League wars" and in the "freedom of

the seas," does not necessarily indicate that these matters require immediate adjustment. The process of evolution may continue to work slowly as it has in the past. Nevertheless, it is time that American opinion should be informed regarding the issues. The writer has not attempted to suggest solutions, although it is hoped that some of the data included in text and footnotes may be of assistance to those approaching that difficult and important task. In general, the references are to original materials and the omission of discussion of the views of many writers is due to lack of space rather than to any disregard of their importance.

The writer wishes to express his appreciation of the generous assistance afforded by Mr. Denys P. Myers, Mr. Raymond T. Rich and Miss Marie J. Carroll of the staff of the World Peace Foundation. The writer is also indebted to Mr. Sanford Schwarz for aid in the collection of materials, especially from German sources.

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COLUMBIA UNIVERSITY,
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AMERICAN NEUTRALITY AND INTERNATIONAL POLICE

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I. HISTORICAL DEVELOPMENT OF THE LAW OF NEUTRALITY

It is commonly asserted that the law of neutrality as it is now known is one of the comparatively recent developments of international law. It is true that it represents one of the most interesting examples of the growth of the law of nations, but its roots are deep and its basis is found in elementary principles.

In tracing its origins, one must bear in mind a limitation applicable to the history of all rules of international law. The modern international legal system is based on the theory of the coexistence of equal nations, each enjoying a wide freedom of action nebulously known as sovereignty, but each subject to international law.[1] Before the existence of a family of equal nations there could be no international law in the present sense of the term. Although it is necessarily arbitrary, the new régime is commonly dated from the year 1648, with its great international gatherings at Osnabrück and Münster, the Peace of Westphalia ending the Thirty Years' War, where states Catholic and Protestant, republics and monarchies, met on equal terms.

[1] "If a government 'confesses itself unable or unwilling to conform to those international obligations which must exist between established governments of friendly states, it would thereby confess that it is not entitled to be regarded or recognized as a sovereign and independent power.'"; Secretary of State Evarts in 1877, quoted in Moore, *Digest of International Law*, I, p. 6.

Taking 1648 as indicating a period rather than a year, we may say that in the previous centuries the international political situation negatived the possibility of an international law. This was due to the supremacy of the Holy Roman Empire, of Pope or of Emperor, the leadership of Rome, and, back further in the pages of history, the succession of world powers without acknowledgment of equals. But international law is the product of customs and usages and these customs and usages we discover time and again in the dim pages of antiquity. These origins are of great importance because they show that the modern rule of international law is not an arbitrary pronouncement nor a mere philosophical ideal, but the response to an inevitable international need whenever two or more separate peoples have dealings with one another.

1. Neutral Duties

The Ancient World

In ancient India there was full recognition of the existence and interests of separate kings. It was recognized that when two kings were at war a third might remain at peace. There was an admission that a "neutral" king might continue his commerce, but might not furnish to one belligerent supplies useful in war.[1] Granted that these were principles of religious or philosophical teachings, the important thing is the concept of a state holding aloof from a war and as a consequence having certain rights and duties.

In the Greek world states frequently held "an intermediate position." Furthermore, it was understood that such a state must not only refrain from actively assisting one belligerent, but must not grant within its territory favors to one which it denied to the other. It was considered "a violation of the rights of neutral states to interfere with their peaceful commercial intercourse, either by sea or land, or to take forcible possession of their goods while

[1] Viswanatha, *International Law in Ancient India* (1925), Chap. X.

passing through their dominions; it was held a breach of neutrality on the part of third states not in alliance with the belligerents to assist either by sending auxiliaries or permitting the enrolment of forces, to betray their maneuvers, to allow armed troops of the combatants to pass over their territory, to permit the planning of naval operations in their territorial waters, to shelter or to aid the fleet in their ports and harbors beyond what was reasonably necessary for the effecting of a safe departure." [1]

In Rome, however, the situation was different and even the most careful student of the period finds only the most rudimentary trace of a law of neutrality. There indeed "Media . . . nulla via est . . . Romanos aut socios aut hostes habeatis oportet." [2]

The Modern Period

The lack of ideas and practices of neutrality in the Middle Ages has been properly ascribed to the dominance of the Church and of the religious motif in politics. As integral parts of a world empire or a world church, the quarrels of any other parts of the system concerned all. As Christians, no people could be neutral to the heathen, nor could the orthodox be neutral to the heretics.[3]

A characteristic of the wars of this period and one which continued down through the 18th century is the service of troops under a foreign flag when their own country was at peace. "Free companies" took service under this prince or that; adventurers led their followers in support of any cause which promised profit and activity. "Neutral" sovereigns freely permitted their subjects, individually or by regiments, to serve in one foreign army against another. "The expedition numbering 6,000 men, which the Marquis of Hamilton, with the consent of his sovereign,

[1] Phillipson, *The International Law and Customs of Ancient Greece and Rome* (1911), Vol. II, p. 303–314.

[2] Livy, XXXII, 21, quoted by Phillipson, Vol. II, p. 311.

[3] This period is well described in Walker, *The Science of International Law* (1893), Chap. VII.

led to the assistance of Gustavus Adolphus in 1631, was exceptional only in its size." [1] A typical treaty of the period is that of 1656 between England and Sweden providing that it should be "lawful for either of the contracting parties to raise soldiers and seamen by beat of drum within the kingdoms, counties and cities of the other, and to hire men of war and ships of burden." [2]

Yet as early as the beginning of the 16th century, offsetting treaties were made by way of friendship or alliance, in which there was a covenant not to render aid to an enemy and even to prevent subjects from doing so.

There were thus two conflicting or balancing networks of treaties, the one guaranteeing a belligerent freedom in recruiting aid in "neutral" territory and the other giving assurance that the opposing belligerent would be denied such freedom. But even the rudimentary ideas of neutrality which then obtained would scarcely have countenanced the inclusion of both types of provisions in the one treaty.

These treaties reveal a single general principle which was slowly evolving, namely, that a neutral should not involve itself in any way in the war. The principle was so indefinite at first that the second class of treaties mentioned above was deemed necessary to make sure the duty of abstinence would be recognized; such treaties continued to be made generally till the middle of the 17th century. On the other hand, we find that at least down to the 19th century it was believed that aid to the enemy was excused if it were rendered in fulfilment of a prior treaty obligation.[3]

[1] Hall, *International Law* (7th ed.), p. 619.

[2] Dumont, *Corps Universal Diplomatique du Droit des Gens*, Vol. VI, p. 125.

[3] Thus Jefferson to Morris, then minister to France, on August 16, 1793, that the law of nations required of a neutral "that no succor should be given to either [belligerent], unless stipulated by treaty." Moore, *Digest of International Law*, VI, p. 880.

The Influence of Grotius

The fact that the first type of treaty begins to be uncommon within a few decades after the appearance of Grotius' great book *De Jure Belli ac Pacis*, which first appeared in 1625, is not without significance. There are other evidences of the immediacy of the great Hollander's influence.[1] Grotius has but a brief word to say on neutrality and expresses no very advanced position. He does not use the word "neutral," but entitles his chapter "*De his qui in bello medii sunt.*"[2] The whole of his doctrine which points to the future is this:

"It is the duty of those who stand apart from a war to do nothing which may strengthen the side whose cause is unjust, or which may hinder the movements of him who is carrying on a just war; and in a doubtful case, to act alike to both sides, in permitting transit, in supplying provisions to the respective forces, and in not assisting persons besieged."

Obviously, this does not hold a neutral state up to any strict measure of impartiality, since it is considered permissible for the state itself to render aid to both of the belligerents. As history has demonstrated time and again, the offering of aid equally to both parties may be of utmost advantage to one and of no value to another. Still more remarkable from the point of view of the present time is the freedom left to the neutral state to determine which of the belligerents is prosecuting a just war, and as a result of this decision practically to take the side of the one whose cause is just. Nevertheless, this suggestion finds a most interesting counterpart in the present-day characterization of an aggressor nation, which in general underlies the theory of the cooperative action of the League of Nations.[3]

[1] A rather striking instance is the sudden transition from political to legal arguments in the continuous diplomatic controversy over the Danish Sound, as Grotius encountered the problem in the course of his diplomatic career. See Charles E. Hill, *The Danish Sound Dues and the Command of the Baltic* (1926), Chaps. IV and V.

[2] Lib. III, Cap. XVII.

[3] See *infra*, p. 65 [419] *et seq.*

The 18th century witnessed a very striking development of the theory of the duties of a neutral, and was furthermore characterized by several particular events of the greatest importance.

The practice is partly anticipated and partly reflected by the notable text writers whose works appeared at this period. In 1737 Bynkershoek brought out his *Questiones Juris Publici*, in which he declared:

> I call those non-enemies who are of neither party in a war, and who owe nothing by treaty to one side or to the other. If they are under any sucn obligation they are not mere friends but allies. . . . Their duty is to use all care not to meddle in the war. . . . If I am neutral, I can not advantage one party lest I injure the other. . . . The enemies of our friends may be looked at in two lights, either as our friends, or as the enemies of our friends. If they are regarded as our friends, we are right in helping them with our counsel, our resources, our arms and everything which is of avail in war. But in so far as they are the enemies of our friends, we are barred from such conduct because by it we should give a preference to one party over the other, inconsistent with that equality in friendship which is above all things to be studied. It is more essential to remain in amity with both than to favor the hostilities of one at the cost of a tacit renunciation of the friendship of the other.[1]

Wolff, writing in 1749, retains Grotius' idea of the just war, but defines neutrals as those "who adhere to the side of neither belligerent, and consequently do not mix themselves up in the war,"[2] but he did allow to both belligerents a free access to the neutral territory and the right to secure supplies therein as freely as in time of peace. Vattel nine years later took a rather different and more advanced position. According to him, a neutral state must abstain from giving help to either party, and can not give it to both equally, "for it would be absurd that a state should succor two enemies at the same moment." He also points out that furnishing the same things to both sides may not be equivalent aid to them both. Nevertheless he goes on to say that a neutral may lend

[1] Lib. I, Cap. IX.

[2] *Jus Gentium*, sec. 672.

money to one of two belligerents if this is done as a purely business transaction.[1]

The Rôle of the United States

The appearance of the United States upon the international stage was one of the most significant events in the development of the law of neutrality. Its policy as declared and practiced at the close of the 18th century was set out as declaratory of existing law but was far in advance of the time.[2]

But even before this action taken by the United States, there had been indications of a general tendency in the same direction. In 1788 Sweden had denied that the law of nations permitted Denmark to render assistance to Russia in accordance with a previous treaty obligation, while at the same time asserting the continuance of entire amity with Sweden.[3]

It was not unnatural that the United States should be able to make a distinctive contribution to the law of neutrality. Its geographical detachment from Europe enabled the new republic to avoid entering the mazes of European diplomacy and thus also to hold aloof from the conflicts of the continent. The dynastic ties, the struggles for balance of power and other elements entering into the European situation were of no moment to the United States. Furthermore, the United States very rapidly became a maritime commercial power, and through far-flung shipping interests at once became vitally interested in the privileges of neutrality when the European states were at war. The leaders of the new republic also realized that if they were drawn into European conflicts on the side of

[1] *Droit des Gens*, Liv. III, C. VII, sec. 104. For the view of Ayala and other writers see Wright, "The Outlawry of War," 19 *American Journal of International Law*, p. 85, and footnotes.

[2] *Cf.* the tribute of Hall, whose writings are usually not characterized by any extravagant degree of partiality toward the United States; *International Law, op. cit.*, p. 632.

[3] The text of the Swedish declaration is given in Phillimore, *International Law* (3d ed., 1885), Vol. III, sec. cxl.

one or the other of the belligerents, the result might well be that the independence which they had so hardly won would prove to be of short duration.

American policies and principles were soon put to the test. The wars arising from the French Revolution immediately affected in vital ways the commercial and political interests of the Western Hemisphere.

On April 8, 1793, Citizen Genêt landed at Charleston, South Carolina, as minister from France to the United States. He immediately entered upon a vigorous campaign to enlist the sympathies of the American people in support of the French cause. He had brought with him blank commissions for privateers, and he lost no time in seeing that several such vessels were outfitted and ready for sea. When en route to Philadelphia, Genêt found constant occasion to stir up the people to hostility against England, nor did he find a lack of sympathetic response to his overtures.

On April 22, 1793, President Washington issued his noteworthy proclamation of neutrality, which forms a landmark in the development of this branch of international law.[1] Two chief points are emphasized in the proclamation. Starting with an assertion of the intention to maintain an impartial attitude toward all the belligerent powers, the President delivered a warning to American citizens that they need not expect the support or protection of their Government if by dealing in the carriage of contraband articles they subjected themselves to the penalties of punishment or forfeiture "under the law of nations." More important still was the announcement that the President had instructed the proper officials to initiate prosecutions against all persons "who shall within the cognizance of the courts of the United States, violate the Law of Nations with respect to the powers at war, or any of them."

Genêt in the meantime continued his activities. French consuls set up French prize courts in the United States and

[1] See Appendix, p. 111 [465], for the text of the proclamation.

condemned prizes brought into American ports; captures were made even in American waters; and a constant stream of privateers sailed out from the United States under French commissions. These activities Genêt defended, partly on the basis of the general law of nations and partly under the Franco-American treaty of 1778. Both these contentions were ably combated by the American Secretary of State, Thomas Jefferson. It was he who outlined that theory of neutrality to which Hall has paid tribute, and which marked such a distinct advance upon the thought of the times. The kernel of it may be expressed in two brief statements from his correspondence. If the United States, he said in writing to Mr. Morris, minister to France, "have a right to refuse the permission to arm vessels and raise men within their ports and territories, they are bound by the laws of neutrality to exercise that right, and to prohibit such armaments and enlistments. To these principles of the law of nations Mr. Genêt answers, by calling them 'diplomatic subtilties' and 'aphorisms of Vattel and others.' But something more than this is necessary to disprove them; and till they are disproved, we hold it certain that the law of nations and the rules of neutrality forbid our permitting either party to arm in our ports." [1] Again in writing to Genêt he tersely summarized his position by saying that it was "the *right* of every nation to prohibit acts of sovereignty from being exercised by every other within its limits, and the *duty* of a neutral nation to prohibit such as would injure one of the warring parties." [2]

Having acknowledged the duty of a neutral nation to prevent the commission of unneutral acts in the United States, the Government addressed itself to securing the means to enforce this duty. On August 4, Alexander Hamilton, as Secretary of the Treasury, issued instructions to collectors of the customs, advising them of their duties in detecting and preventing violations of the laws of

[1] *American State Papers, Foreign Relations*, I, 167, 168, quoted in Moore, *Digest*, VII, p. 881.

[2] *American State Papers, Foreign Relations*, I, 150.

neutrality. With regard to the outfitting of privateers in American ports, these instructions seem to have been entirely successful, since there is no evidence that other vessels of this type were outfitted in American ports after August 7.[1] In his message of December 3, 1793, President Washington laid the matter before Congress, indicating the desirability of legislative sanction to uphold the hand of the executive.[2] On March 24, 1794, Washington issued his second neutrality proclamation, in which he specifically mentions the acts of enlisting others or enrolling one's self in hostile expeditions as being contrary to the duties of neutrality under the law of nations. This was followed on June 5 by the passage of the first neutrality law. The law prohibited the following acts: The acceptance within the United States by citizens thereof of commissions to serve a foreign power; the enlistment or securing the enlistment of other persons within the United States; the fitting out or arming, within ports of the United States, of vessels intended to aid a foreign power engaged in war against another state with which the United States was at peace, together with the delivery of any commission to such a vessel; the increasing or augmenting of the force or armament of any ship under like circumstances; the launching on American territory of any military expedition against a foreign country with which the United States was at peace. The rest of the act put teeth into these prohibitions. In the first place, it conferred jurisdiction on the district courts to deal with cases of captures made within the territorial waters of the United States. In the second place it authorized the President to use the land and naval forces of the United States to enforce the prohibitions contained in the act. In the third place it conferred similar powers upon the President to compel the departure from the United States of any foreign vessel which under the law of nations ought not to remain within American territory.[3]

[1] Fenwick, *The Neutrality Laws of the United States* (1913), p. 23.

[2] *American State Papers, Foreign Relations*, I, 21.

[3] 1 Stat. at L., 381.

The executive took full advantage of the legislative action, and prosecutions under the law immediately followed.[1]

This neutrality statute was without question in advance of the times, but it was only the first step in the subsequent course of American legislation, which has constantly continued and amplified the same process.[2]

Of equal importance was the action of the United States in subsequently paying to the British Government the sum of $143,428.11 for the claims of British subjects injured by the depredations of the French privateers in 1793. The acknowledgment of this obligation unquestionably paved the way for the establishment of the American claims against Great Britain after the Civil War, and thus resulted in the so-called Three Rules of Washington, which formed the basis for the Geneva award in 1872.

At this point it should be noted that a distinction was drawn in the American exposition of the law of neutrality between acts which a neutral government is bound to prevent and those in regard to which it merely withholds its protection from citizens who suffer penalties as a result of their commission. In the first category are included the outfitting of vessels or the augmenting of their forces in neutral territory; the enlisting of forces; and the setting on foot of hostile expeditions. All these the neutral government is bound to prevent, and for breaches of this duty the American Government acknowledged its liability to pay damages. In the second group are included the acts of individuals in carrying contraband goods or in running a blockade. In such cases the individual, if he is apprehended by a belligerent, may be subjected to penalties, but the neutral government is not charged with any delinquency in permitting the trade to continue. As Judge John Bassett Moore has pointed out, the trade in contraband can not be said to be lawful since its conduct

[1] See a good summary of this general situation in Fenwick, *op. cit.*, Chap. II.

[2] See, *e.g.*, 1 Stat. at L., 497; 2 *ibid.*, 54; Rev. Stat., secs. 5281–5291; and Fenwick, *op. cit.*, Chaps. III and IV.

is attended with severe penalties. From the standpoint of the individual the act engaged in is unlawful, but the punishment will be inflicted not by his own nation but by the belligerent whose cruiser may interrupt the venture. This position was ably expounded by Jefferson in writing to Hammond, the British minister in Washington, on May 15, 1793, when he declared: [1]

> Our citizens have been always free to make, vend and export arms. It is the constant occupation and livelihood of some of them. To suppress their callings, the only means perhaps of their subsistence, because a war exists in foreign and distant countries, in which we have no concern, would scarcely be expected. It would be hard in principle and impossible in practice. The law of nations, therefore, respecting the rights of those at peace, does not require from them such an internal disarrangement in their occupations. It is satisfied with the external penalty pronounced in the President's proclamation, that of confiscation of such portions of these arms as shall fall into the hands of any of the belligerent powers on their way to the ports of their enemies. To this penalty our citizens are warned that they will be abandoned, and, that even private conventions may work no inequality between the parties at war, the benefit of them will be left equally free and open to all.

The American action soon found its imitators in Europe. The British Foreign Enlistment Act of 1819 was modeled upon the prior American statute.[2] In 1823, in the course of a debate in the House of Commons regarding the repeal of the Foreign Enlistment Act, Mr. Canning declared: "If I wished for a guide in a system of neutrality I should take that laid down by America in the days of the presidency of Washington and the secretaryship of Jefferson." [3] The continent followed suit.[4]

After the days following the wars growing out of the French Revolution and the Napoleonic campaigns, the

[1] Moore, *Digest*, VII, p. 955.

[2] 59 Geo. III, c. 69. *Cf.* Walker, *The Science of International Law*, p. 442.

[3] Phillimore, *op. cit.*, sec. cxlvii.

[4] *Cf.* French Penal Code, Arts. 84 and 85, Sardinian (Italian) Penal Code, Art. 174, and Spanish Penal Code, Art. 148, and, in general, Walker, *op. cit.*, p. 442.

United States had frequent if not continuous opportunity to maintain their conceptions of neutrality. Some of these centered around the frequent disturbances in the countries of this hemisphere, notably in Mexico and the Caribbean area.[1] During the Crimean War it was found necessary to act vigorously against the activities of certain British agents who, by endeavoring to enroll recruits within American jurisdiction, violated the neutrality laws. The British Government disavowed any intention to run counter to the American statutes, and thus lent strength to the American contentions.[2]

The next great landmark, however, came as a result of the Civil War. The noted Confederate cruiser, the *Alabama*, was outfitted in Great Britain and allowed to leave the country to prey upon American commerce.[3] The United States insisted that under the then existing rules of international law Great Britain was under an obligation to see that vessels were not fitted out in her ports for service under one of the belligerent flags. In other words, the American Government contended that its own neutrality statutes, which in their origin had presented a distinct advance upon the prior rules of neutrality, had by the middle of the 19th century become established as expressive of the law of nations. Although Great Britain was unwilling to recognize this principle, Her Majesty's Government did sign the treaty of Washington of May 8, 1871, whereby they agreed that the famous Three Rules should govern the decisions of the arbitral tribunal set up by the convention. These rules declared that a neutral was bound to use "due diligence" to prevent the outfitting of vessels within its territory when those vessels were in-

[1] See 37 Stat. at L., 630 and 1733; 39 *ibid.*, 1756; and 43 *ibid.*, 1934.

[2] *Papers Relating to the Treaty of Washington; Counter-Case of the United States*, p. 208–210 and 546. Lord Clarendon to American Minister Dallas, April 30, 1856, *ibid.*, Vol. I, p. 646. *Cf.* Walker, *op. cit.*, p. 444.

[3] Other vessels were involved, but the *Alabama* achieved the greatest fame and has given its name to the whole controversy. Judge Moore relates the interesting story of how the devotion of the wife of the Queen's Advocate in London prevented the issuance of papers which would have prevented the *Alabama* from sailing. See his *Principles of American Diplomacy* (1918), p. 50.

tended to serve one of the belligerents in its warlike operations, and to avoid having its territory used as a base for operations or recruitment.[1]

During the Franco-Prussian War which broke out at the very time when the United States was so vigorously contending for the sanctity of neutral duties, the American Government sold, from excess Civil War stocks, supplies of arms and munitions to agents of the French Government. This conduct has received general condemnation.[2] Yet the principles laid down in 1871 received general international approval at the Second Hague Conference of 1907. Instead of requiring neutrals, however, to exercise "due diligence," the Hague convention demands that it "employ the means at its disposal." [3]

Still there remained the distinction already alluded to, between those acts which a neutral government was bound to prevent and those which it might permit its citizens to do. Art. 7 of the Hague convention respecting the rights and duties of neutral powers and persons in case of war on land and the same article in the convention concerning the rights and duties of neutral powers in naval war,[4] both recognize expressly that "a neutral power is not bound to prevent the export or transit, for the use of either belligerent, of arms, ammunitions, or, in general, of anything which could be of use to an army or fleet." But, as the American technical delegate to the conference — James Brown Scott — says, "It does not follow, however, that the neutral should not forbid such transactions. It does not assume an international obligation to do so."

When in 1914 England was again a belligerent and the United States a neutral, the British Government admitted that the old Rules of Washington "may be said to have

[1] See text of the rules in Appendix, p. 122 [476].

[2] See Moore, *Digest*, VII, p. 973–975, for the investigation by a Senate Committee and the views of foreign authors. See also James Brown Scott, *The Hague Peace Conferences*, Vol. I, p. 628.

[3] See text in Appendix, p. 123 [477].

[4] See Malloy, *Treaties*, II, p. 2290 and 2352; also Appendix, p. 124 [478].

acquired the force of generally recognized rules of international law." [1]

Thus at the beginning of the World War there existed definite rules of international law which were recognized as imposing on neutrals definite duties of abstaining from any action which would assist either party to the conflict. Although these rules were embodied in the Hague conventions, they did not rest upon treaty alone, but had their foundations in a long sequence of practices which had hardened into accepted usage. It has been noted that a neutral state was not deemed to be under an obligation to prevent its citizens from trading in war materials, though such conduct might result in subjecting the individual to punishment. This aspect of the law of neutrality is due in part to the parallel growth of a law of neutral rights which in part at least owed its final development to the coexistence of a law of neutral duties.

2. Neutral Rights

By and large, the rights of neutrals at sea have come to play a more important rôle than those on land. The fact is obvious from the time when the United States enters the international family and assumes a leading rôle as a neutral, though it is true that border difficulties have played their part in the history of American neutrality. Even in Europe, where geographic propinquity made traffic by land and the question of neutral frontiers of great importance, the outstanding developments have come through a maritime channel.[2] As John Bassett Moore has pointed out, the keynote to the question of neutral rights is to be found in the doctrine of contraband. Around this point cluster the doctrines of "free ships, free

[1] British Chargé to the Secretary of State, August 4, 1914; *Diplomatic Correspondence Between the United States and Belligerent Governments Relating to Neutral Rights and Commerce.* Special Supplement to the *American Journal of International Law*, Vol. 9, p. 222 (hereinafter cited as *American White Book*).

[2] Summary given in "Neutral Rights and Maritime Law," Foreign Policy Association, *Information Service*, Vol. IV, No. 1.

goods," the law of blockade and the other like principles of international law. It will be seen that history reveals a constant struggle between the conflicting claims of neutrals and belligerents. That there should be such a conflict is a matter of logical necessity, but the rules that have been evolved are not logical but merely the result of compromises agreed to for mutual advantage.

Even in ancient India the fundamental proposition was admitted that a neutral had a right to continue his trade in ordinary merchandise despite the existence of war. This liberty was restricted by the right of the belligerent to interrupt the delivery of "contraband" goods to his enemy. Under this head were included goods "that went to increase the strength of the enemy," and specifically such things as food, fodder and provisions.[1] Weapons and munitions of war were similarly included. Accurately reflecting the later development, it was at this early period also recognized that destination was another essential element of contraband. In other words, not all goods could be seized by a belligerent as of contraband character, but only such of those goods as might be destined for an enemy state. Thus the neutral retained the liberty to trade even in munitions of war, so long as those articles were destined to another neutral. In the Greek and Roman worlds, however, there seems to have been little trace of anything approximating a law of contraband.[2]

The first important bit of evidence upon the question of the extent of the right of neutrals to trade in time of war is found in the *Consolato del Mare*, which was first published in Barcelona in 1494.[3] This ancient compilation of maritime precedents seems to have been a record of the customs and usages which the Mediterranean nations observed and considered to have the force of law. Briefly,

[1] Viswanatha, *op. cit.*, p. 197.

[2] Phillipson, *op. cit.*, Vol. II, p. 313.

[3] Boucher, *Consulat de la Mer* (1808), Vol. II, p. 508, gives a French translation, and includes the pertinent articles under Cap. CCLXXVI. Wheaton, *History of the Law of Nations* (1845), p. 610, quotes in English the same sections as Chap. CCLXXVIII. With the latter numbering Casaregi agrees, *Il Consolato del Mare* (1911). For English text see Appendix, p. 108 [462].

it was laid down in the *Consolato* that a nation might seize the goods of an enemy which he found on board the ships of a friendly state, but the ship itself should go free. Furthermore, the neutral was entitled to receive from the captor the freight which he would have earned on the goods had they been delivered to their destination. Reciprocally, neutral goods were not subject to confiscation even though they were carried in enemy bottoms, but in such a situation it was the captor who received the freight. In other words, the controlling principle was that the disposition of the goods depended upon their ownership and was not affected by the character of the vessel in which they were carried.

This principle seems to have been generally accepted throughout Europe for a long period. It seems that the first instance of the acceptance of a different rule is to be found in the Capitulation of 1604, which was an agreement between the Sublime Porte and Henry IV of France. This agreement contained an undertaking on the part of Turkey that it would not seize the goods of an enemy if they were found under the French flag. This rule, which later became known as the doctrine of "free ships, free goods" was extended by Turkey in favor of most of the other western powers. The famous treaty of the Pyrenees in 1659, which terminated the war between the then great maritime powers of France and Spain, adopted the rule of free ships, free goods, and added thereto the converse proposition of enemy ships, enemy goods.[1] In the subsequent years one finds a great variety of treaties, some adopting the old principle of the *Consolato del Mare* and others following the new precedent laid down in 1604.[2] The early writers, such as Grotius, Bynkershoek and Vattel, supported the ancient rule, the last named being especially emphatic on this point.

Throughout this period there is full recognition of the fact that a neutral may continue trade with a warring

[1] See extracts from text, Appendix, p. 109 [463].

[2] See Wheaton, *op. cit.*, p. 120 ff.; Walker, *Science of International Law*, p. 293 ff.

state, with the exception that contraband goods may freely be captured by the other belligerent. Thus Molloy declares that: "Although the Goods of Friends according to the circumstance of the case, may be preserved by adjudication, and restored to their owner; yet all manner of Goods have not that priviledge: For though the *Freedom of Trade* preserves the Goods of Friends, against the *rigor of War*, yet it does not *those Goods that supply the Enemy* for War, as *Money*, *Victuals*, *Ships*, *Arms and other things belonging thereto*." [1] Yet Molloy's categories were not those which received universal approbation. In fact, with the exception of arms and munitions, there was at first little agreement upon what goods might properly be denominated contraband. Gradually we find the categories extending to include such things as horses, money and various ships' supplies, but in regard to none of these was unanimity achieved.

Grotius in 1625 clearly laid down the basic rule which has been followed almost ever since. He declared that "there are some articles of supply which are useful in war only, as arms; others which are of no use in war, but are only luxuries; others which are useful both in war and out of war, as money, provisions, ships and their furniture." [2] The first category was always subject to capture and the second category always free. The third class — articles *usus ancipitis* — could only be determined in relation to the existing state of facts. It is obvious that this third category, which later became known as "conditional contraband," afforded ample opportunity for disagreement, and it is therefore not surprising to find that treaties during the 17th and 18th centuries frequently enumerated the articles or classes of articles which might be seized as contraband.

The ordinances of France on maritime matters have exerted considerable influence, and it is therefore of interest to note that the Marine Ordinance of Louis XIV of 1681 includes only munitions of war and horses in the

[1] *De Jure Maritimo* (8th ed., 1744), Bk. I, Chaps. I, XXV.

[2] Lib. III, Cap. I, V, 2.

contraband class.[1] On the other side of the picture we are considering may be noted the French *règlement* of 1778, which in general confirmed the provisions of the Ordinance of 1681 and followed the lead of the Peace of the Pyrenees by adopting both the principle of free ships, free goods and enemy ships, enemy goods.[2]

The next great landmark in this field is the first armed neutrality of 1780. It is asserted that this important affirmation of neutral rights "sprung from no enlarged and beneficent views of improvement in the maritime law of nations hitherto sanctioned by general practice. It was the accidental result of a mere court intrigue and of the rivalry between two candidates for the favor of a dissolute, ambitious and vainglorious woman." [3] The declaration was issued by Catherine II of Russia on February 26, 1780, and laid down the following principles: [4]

1. An assertion of the rights of neutrals to continue their trade, even when other nations were at war.
2. The rule of free ships, free goods, with the exception of contraband.
3. The definition of contraband as including only munitions of war.
4. A statement that no port should be deemed blockaded unless vessels were stationed sufficiently near to make an attempt to enter evidently dangerous.

Spain and France admitted the propriety of the Russian contentions and the neutral powers of Denmark and Sweden notified to the belligerents their concurrence in the Russian declaration. On April 7, 1781, the United States followed suit and was in turn succeeded in the same action by Prussia, Austria, Portugal and the Kingdom of the Two Sicilies.

Obviously the cause of neutral rights could scarcely have obtained more vigorous support, but even these

[1] *Ordonnance de la marine*, August, 1681, *Titre* IX, sec. 11, *Recueil des Anciennes Lois Françaises, 420–1789*, Vol. 19, p. 334.

[2] *Ibid.*, Vol. 25, p. 566.

[3] Wheaton, *op. cit.*, p. 298 ff., gives an interesting account of the effect of the rivalry of Panin and Potemkin.

[4] For text see Appendix, p. 110 [464].

powers were not consistent in their attitude. In December, 1800, Denmark, Sweden and Prussia united with Russia in the Second Armed Neutrality, which reaffirmed the four principles of the first and added a fifth article dealing with the question of convoy, a subject at that time of great importance to Denmark in its conflict with England. When, however, all of Europe became involved in the warfare centering around Napoleon, the United States was left as almost the sole defender of the privileges of neutral rights on the high seas. It was fortunate for the cause of neutrality that the American Government at the time had such able representatives, both in Washington and in the foreign capitals.[1]

Practically the final stage in the controversy over the principle of free ships, free goods, comes with the Declaration of Paris in 1856, at the close of the Crimean War. Art. II of the Declaration provided:[2]

"The neutral flag covers enemy goods with the exception of contraband of war.

"Neutral goods with the exception of contraband of war are not liable to capture under the enemy's flag."

The signatories of this declaration thus finally put their stamp of approval upon the rule of free ships, free goods, but made still greater concessions to the neutral by declining to follow the correlative rule of enemy ships, enemy goods. Although the Declaration of Paris itself was signed only by Great Britain, Austria, France, Prussia, Russia, Sardinia and Turkey, it has subsequently been adhered to by practically all the nations of the world. Spain did not adhere until June 18, 1908, nor Mexico until 1909.

The United States' failure to adhere was not due to any lack of sympathy with the principle of free ships, free goods. Before 1854 the United States had made bilateral treaties with Algiers, Morocco, Prussia, Spain, Tripoli and Tunis in which this point was agreed upon, and in other

[1] On the two Armed Neutralities see Piggott and Ormond, *Documentary History of the Armed Neutralities, 1780 and 1800*, and Scott, *The Armed Neutralities of 1780 and 1800.*

[2] See full text of the Declaration in Appendix, p. 121 [475].

treaties with Brazil, Federation of the Centre of America, Chile, Colombia, Ecuador, France, Guatemala, Mexico, the Netherlands, Peru, Bolivia, Salvador, Sweden and Venezuela, the same principle was announced, coupled with the corollary of enemy ships, enemy goods.[1] At the outbreak of the Crimean War the British Government in cooperation with the Government of France decided that they would recognize the same rules during the war, and together with this step they had determined not to issue letters of marque to privateers.[2]

The decision not to employ privateers was induced by the realization that this legalized form of private warfare was a weapon primarily of the weaker naval powers. The Allies therefore were eager to prevent its use by Russia and hoped to secure the abolition of privateering.

In regard to the British acceptance of the principle of free ships, free goods, Secretary Marcy declared that the Government noted it with "sincere gratification," since the United States had "so long and so strenuously contended for [it] as a neutral right." Mr. Marcy also expressed the hope that Great Britain and France would recognize the principle, not only for the war, but as a definite rule of international law.[3]

With regard to privateering, however, the United States naturally shared the view of the small naval powers rather than those of England and France. The American Government therefore was unwilling to accept the ban on privateering unless it was coupled with a declaration for the total immunity of private property at sea. This *quid pro quo* England was unwilling to give.[4]

Although the United States had thus taken a stand in

[1] Moore, *Digest*, VII, p. 434–436.

[2] The reasons for the British policy have recently been expounded clearly for the first time on the basis of documents just made available in the British archives. See Malkin, "The Inner History of the Declaration of Paris," 1927, *British Year Book of International Law*, p. 1.

[3] Mr. Marcy to the British minister, April 28, 1854, 46 *British and Foreign State Papers*, p. 839.

[4] See note of Secretary Marcy in 55 *British and Foreign State Papers*, p. 589. *Cf.* Appendix, p. 119 [473], for a full statement of the American position by President Pierce in his Annual Message of December 4, 1854.

advance of that of other powers, in advocating the complete immunity of private property from the perils of naval warfare, contraband was still retained as an exception. Therefore, unless that term had an accepted significance, the immunity would be largely illusory. The later developments in connection with this proposal will be noted in connection with the Second Hague Peace Conference of 1907.

With the outbreak of the Civil War, the United States suddenly found itself in the position of a belligerent with much the stronger navy. It therefore could now look with sympathy upon the British plea for abolishing privateering. Secretary Seward instructed Mr. Adams, the American minister in London, to press for the acceptance of the American plan for total immunity of private property, but if this could not be obtained, to arrange for the acceptance of the Declaration of Paris as it stood. The same instructions were sent to Paris. The French and British Governments were quite willing to have the United States adhere to the declaration, but pointed out that they could not, consistently with their declarations of neutrality, agree to consider Confederate privateers as pirates during the course of the war. On the other hand, the United States was willing to reverse its position only if it could obtain advantages in the current struggle. The negotiation accordingly came to naught.

But the United States has never commissioned a privateer since 1856. And in 1916 an American Secretary of State could flatly assert that "privateering has been abolished." [1] As to the other rules of the Declaration of Paris, the United States had earlier announced its acknowledgment that they were declaratory of international law. In 1859, Secretary Cass declared that the United States considered the principle of free ships, free goods, established, and that a neutral need not announce its adherence to the declaration in order to entitle its vessels

[1] Lansing to the British ambassador, January 18, 1916, 2 *American White Book*, 310. Identic notes were sent to the diplomatic representatives of France, Russia, Italy, Belgium and Japan.

to the immunity. On the outbreak of the war with Spain in 1898, the State Department instructed American diplomatic officers that this Government would act upon the second, third and fourth articles of the declaration as "recognized rules of international law," [1] and in President McKinley's proclamation of April 26, 1898, the second and third rules were adopted as the principles on which the United States would act during the war.[2]

There can be no doubt that the United States is definitely committed to these principles as rules of international law.[3]

3. Blockade

It may be convenient here to digress briefly to set forth the doctrines of blockade and continuous voyage. Attention has been paid above to the doctrine of contraband which gives a belligerent the right to seize certain kinds of goods anywhere at sea if they have a certain belligerent destination. The right of blockade is the source of belligerent rights at once wider and narrower. Wider, in that the seizure may extend to any kind of goods; narrower in that the fatal destination includes only that belligerent place or places which are effectively blockaded.

The idea of blockade arose from that of siege. Originally the preservation of the analogy was deemed essential; the place must be invested both by land and by sea as a part of a distinctly military operation. As recently as 1800, John Marshall, as Secretary of State, declared that, "if we examine the reasoning on which is founded the right to intercept and confiscate supplies designed for a blockaded town, it will be difficult to resist the conviction that its extension to towns invested by sea, only, is an unjustifiable encroachment on the rights of neutrals." [4] Yet Marshall was forced to admit that the "departure from principle" had "received some sanction from prac-

[1] Moore, *Digest*, VII, p. 452.

[2] *For. Rel.*, 1898, p. 772.

[3] See Moore, *Digest*, VII, p. 452, and Hyde, II, p. 515.

[4] Moore, *Digest*, VII, p. 781. See *ibid.* for statement by Secretary Cass in 1859.

tice." Indeed, by that time it was already recognized that a naval blockade instituted solely for the purpose of cutting off supplies and apart from other military operations, was justifiable and proper *per se*.[1] The First and Second Armed Neutralities of 1780 and 1800 had freely recognized the right of blockade, insisting only that it should be enforced by a sufficient naval force to make approach to the blockaded place dangerous.[2] This last requirement is an enunciation of the principle later described by the mandate that blockades must be *effective*.

Effectiveness is an essential element of the whole concept of blockade. The starting point in all these rules affecting neutrals is that a neutral has a right to continue to trade with the belligerents save as that right is limited by the accepted rules of international law. If a belligerent by mere *fiat* may proclaim a blockade of one port, he may do so for the whole coast and thus assert a general right to capture any ship bound to his enemy. The neutral right to trade would thus be destroyed. Neutrals therefore insisted that a belligerent must, in declaring a blockade, actually employ sufficient vessels to make ingress and egress dangerous.

During the Napoleonic Wars, France and Great Britain swept aside such restraints and gave a complete illustration of "paper blockades":[3]

> Ports were proclaimed in a state of blockade previous to the arrival of any force at them, were considered in that state without regard to intermissions in the presence of the blockading force, and the proclamations left in operation after its final departure; the British cruisers during the whole time seizing every vessel bound to such ports, at whatever distance from them, and the British prize courts pronouncing condemnations wherever a knowledge of the proclamation at the time of sailing could be presumed, although it might afterward be known that no real blockade existed. The whole scene was a perfect mockery in which fact was sacrificed to form and right to power and plunder. The United States were among the greatest sufferers; and would have

[1] One of the best discussions of the early law of blockade is Westlake, *International Law*, Vol. II, p. 257 ff.

[2] See *supra*, p. 19–20 [373–374], and Appendix, p. 110 [464].

[3] Madison to Monroe, January 5, 1804, Moore, *Digest*, VII, p. 797.

been still more so, if redress for some of the spoliations proceeding from this source had not fallen within the provisions of an article in the treaty of 1794.

By Orders in Council of April 8 and May 16, 1806, the British Government declared a blockade of the whole continental coast from the mouth of the Elbe to the port of Brest. This decree was said to be in retaliation for acts of the French. Napoleon countered with his Berlin decree of November 21, which declared the whole of the British Isles under blockade; commerce and correspondence as well with those territories were accordingly prohibited. In the following January and November, further British Orders in Council forbade all neutral vessels to trade with ports controlled by France and even with neutral ports which excluded British vessels, unless the neutral ship cleared from a British port under special regulations. The climax was reached when Napoleon's Milan decree of December 17, 1807, retaliated with the declaration that every neutral ship was good prize if it submitted to British search or sailed from or to a port controlled by the British.[1]

The United States protested with vigor. Failing to receive satisfaction, President Jefferson persuaded Congress in 1807 to lay an embargo preventing all vessels from leaving American ports.[2] This was supplanted in 1809 by a nonintercourse act forbidding imports from France and Great Britain.[3] Eventually the American claims against France were submitted to arbitration and the sum of $9,352,193.47 was paid to the United States. Coupled with other aggravations, the British acts led to the War of 1812.

By the Declaration of Paris in 1856 both Great Britain and France subscribed to the statement that "blockades to be binding must be effective; that is to say, maintained by a force sufficient really to prevent access to the coast

[1] Moore, *Arbitrations*, V, p. 4447 ff; see Appendix, p. 118 [472].

[2] 2 Stat. at L., 451, 452.

[3] *Ibid.*, 528.

of an enemy." Lord Russell in 1863 admitted that this declaration "was in truth directed against what were once termed 'paper blockades'; that is, blockades not sustained by any actual force, or sustained by a notoriously inadequate naval force . . ." [1]

The Declaration of London of 1909 in Art. 1 refers to and reiterates the language of the Declaration of Paris.[2] The rule of effectiveness seems to have been uncontested in 1914, but as in the Great Napoleonic struggle, it was disregarded in the course of the World War.

4. Continuous Voyage

The doctrine of continuous voyage finds its origin in the Rule of the War of 1756. At that time, under the usual colonial system, colonial trade was reserved for the mother country and outsiders were forbidden to engage in it. When French commerce was cut off by the British in 1756, the French Government opened the colonial trade to Dutch vessels. Great Britain insisted that neutrals were entitled to carry on only their normal trade, and that neutral vessels aiding France in that colonial trade which was normally closed to them, could be captured as good prize. The rule was again enforced in the 1790's. To evade the operation of the rule, neutrals would sail from a colonial to a neutral port and thence to a port of the mother country. This attempt to conceal the actually "continuous voyage" from colony to mother country was rendered ineffective by Sir William Scott in the British prize courts.[3]

During the American Civil War, British traders adopted the plan of sailing to Bermuda and other West Indian ports in order that they might allege a neutral destination and thus avoid capture for contraband-carrying or blockade-running, if encountered at sea by an American cruiser.

[1] Hall, *International Law* (7th ed.), p. 773, note.

[2] See Appendix, p. 125 [479].

[3] See Briggs, *The Doctrine of Continuous Voyage* (1926), Chap. I.; Moore, *Digest*, VII, p. 383. The leading cases are *The Polly*, 2 Rob. 361, and *The William*, 5 *ibid.*, 385.

In a number of important cases, the Supreme Court of the United States pierced the veil and declared that in reality there was one continuous voyage from England to the belligerent and blockaded ports of the South.[1] Several of these decisions formed the basis for British claims which were referred to arbitration. The general principle of the application of the doctrine of continuous voyage seems to have been approved by the international tribunal.[2] The Supreme Court decisions are extremely involved and appear to rest on several grounds. It is still disputed whether that tribunal sanctioned the application of this doctrine to the carriage of conditional contraband. Nor is it wholly clear how far these cases may be cited in situations involving blockade running. The British Government relied upon them to a great extent in justifying some of its measures during the World War.[3]

5. Immunity of Private Property at Sea

The American proposal for immunity for private property at sea, which had had its beginning as early as the time of Benjamin Franklin and which had been so vigorously urged in connection with the Declaration of Paris, was not abandoned by the United States. In his instructions to the American delegates to the First Hague Peace Conference in 1899, Secretary Hay indicated this matter as one of primary importance.[4] But the Americans had little success with this proposal at the conference. Their views were finally presented in concise form in an article drafted by Andrew D. White. The article was as follows: [5]

The private property of all citizens or subjects of the signatory powers, with the exception of contraband of war, shall be exempt from

[1] See generally Moore, *Digest*, VII, p. 697 ff; Hyde, *International Law*, II, p. 605–616; Briggs, *op. cit.*, Chaps. III-V. Among the leading cases are *The Bermuda* (1865), 3 Wall. 514; *The Peterhof* (1866), 5 Wall. 28; *The Springbok* (1866), 5 Wall. 1.

[2] Moore, *Digest*, VII, sec. 1261.

[3] See Appendix, p. 145 [499].

[4] *For. Rel.*, 1899, p. 513.

[5] Holls, *The Peace Conference at the Hague* (1900), p. 311.

capture or seizure on the high seas or elsewhere by the armed vessels or by the military forces of any of the said signatory powers. But nothing herein contained shall extend exemption from seizure to vessels and their cargoes which may attempt to enter a port blockaded by the naval forces of any of the said powers.

Mr. White summed up the case in an eloquent address on July 5, in which he supported the motion to refer the whole matter to a future conference. He recognized as having considerable force the opposing argument "that, even if immunity be granted to private property, in so far as it is not contraband of war, a new question more intricate would arise, namely, that of defining what is to be understood to-day as contraband of war." In this connection he also pointed out the tendency of some states to increase the category of contraband goods.[1] But since most of the delegates had no instructions on the subject, the conference merely expressed "the wish that the proposal which contemplates the declaration of the inviolability of private property in naval warfare, may be referred to a subsequent conference for consideration."[2]

Accordingly, Secretary of State Root directed the attention of the American delegates to the Second Hague Conference to this question, and in addition laid stress upon the importance of defining the nature of contraband. Mr. Root also pointed out with striking emphasis the fact that the failure to define contraband would result in making practically ineffective not only the proposal for the inviolability of private property, but also the rules of the Declaration of Paris regarding the immunity of free ships and free goods and the question of blockade.[3]

The American delegation, under the leadership of Mr. Choate, strongly urged the adoption of the American plan, which continued the phraseology of Mr. White at

[1] Holls, *The Peace Conference at the Hague* (1900), p. 316.

[2] Final act of the Conference, *Voeu*, No. 5; Scott, *The Hague Peace Conferences*, Vol. II, p. 79.

[3] *For. Rel.*, 1907, Pt. II, p. 1135. Mr. Root quotes in support of the American advocacy of freedom of private property at sea, the Congressional resolution to that effect of April 28, 1904 (33 Stat. at L., 592).

the first conference. The subject was debated at great length. When finally put to a vote the proposition of the United States received 21 yeas, 11 nays and 1 abstention. The question again thus failed to receive a satisfactory solution.[1]

The subject of contraband was also fully debated but the only result achieved was an agreement upon a list of ten categories which all admitted should be considered as absolute contraband.[2]

The Second Hague Conference considered plans for the creation of an International Prize Court, but this proposal also came to naught, because of the realization that the states were not agreed upon many rules of prize law and were therefore unwilling to intrust a full jurisdictional power to an international court. For the purpose of filling this gap a naval conference was called at London in December, 1908, and on February 26, 1909, the delegates signed the famous Declaration of London. The declaration begins with the preliminary provision that the "Signatory powers are agreed in declaring that the rules contained in the following chapter correspond in substance with the generally recognized principles of international law." The importance of this provision can not be exaggerated since it indicates the views of a group of some of the most distinguished international lawyers of the time. Nevertheless, the declaration was never ratified by any state, and it therefore never acquired the compelling force of a treaty. Nor can the governments be taxed with an adoption of the opinions of their delegates from which they withheld their final approval. Furthermore, despite the above provision, some of the articles adopted were the result of compromises between conflicting views. Since the conferees were professedly attempting merely to state the existing rules of international law, the question of the total immunity of private property at sea was naturally not considered. In regard to contraband, the list prepared

[1] Report of M. Fromageot, quoted in Scott, *op. cit.*, Vol. I, p. 701–704.

[2] Scott, *op. cit.*, Vol. I, p. 716.

at the Second Hague Conference was adopted. In addition supplementary articles were agreed to which left to the belligerent considerable latitude in adding to the list of contraband by public declaration. Furthermore, a list of conditional contraband articles was also agreed upon with a similar right of extension. Perhaps the most striking as well as the most futile of the articles is No. 28, which undertakes to set forth a list of 17 materials or groups of materials which in no case are to be declared contraband. A comparison of these articles with the contraband lists of the World War points to the impossibility of such an agreement at any time.[1]

It is perhaps of interest to note that the second and third rules of the Declaration of Paris were accepted without question as expressive of the existing rule of international law.

6. Situation at Outbreak of World War

By way of summary we may thus note the situation which existed at the outbreak of the World War with regard to the rights and duties of neutrals. As a result largely of the efforts of the United States, culminating in the Geneva arbitration and reenforced by the Hague conventions, it was agreed that a neutral must use the means at its disposal to prevent its territory from being used as a base of operations by one of the belligerents. On the other hand, it was admitted that the neutral was under no obligation to prevent its citizens or subjects from carrying on trade with a belligerent country. No one contested the general proposition that neutral individuals had a right to continue their normal trade; and, by virtue of the agreement upon the rules enunciated in the Declaration of Paris, the only noncontraband property which could be confiscated at sea was the property of a belligerent in a belligerent ship. The exception of contraband and also

[1] For the text of the declaration with the official explanation of the articles, see *Naval War College, International Law Topics*, 1909; *World Peace Foundation Pamphlets*, June, 1915, appendix. See extracts from text in Appendix, p. 125 [479].

that of blockade left an opening through which, as it developed, the belligerent was able practically to destroy the neutral's commercial freedom. The situations which developed after 1914 gave striking evidence of the extent to which national attitudes on these general subjects are influenced by the political chance of neutrality or belligerency.

II. THE WAR OF 1914–1918

1. Position of Neutrals

UPON the outbreak of the World War in 1914 the political alignment from the standpoint of neutrality was similar to that which had existed a century before. The United States was again the leading neutral and became once more the champion of neutral rights. Although the American Government found itself in constant conflict with both the Allied and the Central Powers, the infringements of the rights of American neutral traders did not prevent an actual large trade profit to the United States.[1] On the other hand, the European neutrals eventually suffered much more severely. Their geographical relation to the Central Powers made them the special object of Allied attention, which resulted in the development of rather novel lines of belligerent procedure. During the early stages of the war, the conflict between the belligerents and the neutrals was quite analogous to the similar situations in former times. The arguments centered around the old doctrines of contraband and blockade. It has been declared by the British Government that prior to March, 1915, they "had to rely exclusively on the right to capture contraband." [2] Subsequent to that time, however, there was added to this weapon the so-called blockade. But in the long run both of these traditional bases for restricting the trade of neutrals, although stretched to the utmost extremity, were found to be wholly insufficient and new methods accordingly were devised. The general plan of the Allies was said to rest upon the three principles

[1] This fact was constantly pressed by the British Government; see, *e.g.*, note quoted in Appendix, at p. 148 [502]. *Cf. U. S. War Trade Board Report* (1920), p. 11.

[2] *Statement of the Measures Adopted to Intercept the Sea-borne Commerce of Germany*, British Parliamentary Papers, Cd. 8145, Misc. No. 2 (1916), p. 1.

of "belligerent rights," "agreements" and "sovereign rights."[1]

In explanation of the above it may be pointed out that the "agreements" were those made with neutral countries. These agreements were the result of the exercise of the "sovereign rights." Many of the neutrals were dependent upon Great Britain and the other Allied Powers for certain necessaries. By exercising their "sovereign right" of prohibiting export of these necessaries, the Allies were able to bring efficacious economic pressure upon the neutrals to induce them to sign agreements. These agreements in turn called upon the neutrals to exercise their "sovereign rights" by restricting the exports of certain products to Germany.

The result of this situation was that in the concluding years of the war the neutral states of Europe had of necessity committed themselves to restricting many exports to Germany. But Germany was also able to exercise a certain amount of similar economic pressure and from time to time forced the neutrals to yield to its demands. In general, the Allied pressure was the stronger and hence the more successful.

In its large aspects this situation is important because it illustrates the possibilities of the system of economic blockades and other sanctions which after the war were envisaged in the Covenant of the League of Nations. If a belligerent with the forced cooperation of neutrals could exert such a tremendous effect upon an enemy, it is not difficult to assume that the free participation of such countries in like measures would prove a quite adequate check upon the belligerent designs of a covenant-breaking state.

With this general survey in mind, attention will be paid in more detail to the history of the most recent great struggle between belligerents and neutrals. As in the last war of like magnitude, it became apparent that legal rules could not escape violation.

[1] See Appendix, p. 150 [504].

2. The American Defense of Neutrality

It will be recalled that a century before the outbreak of the World War the efforts of the United States to sustain its contentions respecting the rights of neutrals met with a very fair measure of success. During the last great conflict, however, the American position was not maintained as ardently or as ingeniously.[1]

On August 6, 1914, Mr. Bryan, the American Secretary of State, instructed the American diplomatic representatives in the capitals of the principal belligerents to inquire whether the Governments at war would be willing to agree to abide by the laws of naval warfare as laid down in the Declaration of London of 1909. It was said that the United States believed "that an acceptance of these laws by the belligerents would prevent grave misunderstandings which may arise as to the relations between neutral powers and belligerents." [2]

This suggestion was accepted by the Austro-Hungarian and German Governments, but on the condition that the opposing belligerents would follow suit. The Allies naturally followed the lead of the British Government, which on August 22 declared that it would generally adopt those rules, "subject to certain modifications and additions which they judge indispensable to the efficient conduct of their naval operations." [3] These modifications eventually grew to such an extent that they practically eliminated the Declaration of London from the picture. Although the British and other Governments continued for some

[1] See letter from Secretary Bryan to Chairman William J. Stone of the Senate Committee on Foreign Relations, in which stress is laid upon precedents in the Civil War which, it was indicated, might embarrass the United States in defending neutral rights; *Diplomatic Correspondence between the United States and Belligerent Governments Relating to Neutral Rights and Commerce*, Special Supplement to the *American Journal of International Law*, Vol. IX (July, 1915), p. 255. The three volumes of diplomatic correspondence thus published will be hereafter cited as *American White Book*, Vols. I, II and III, corresponding to Vols. IX, X and XI of the *American Journal*. The Bryan-Stone correspondence is printed in *World Peace Foundation Pamphlets*, June, 1915, p. 11. Mr. Bryan's statements were relied on by Sir Samuel Evans in the case of *The Kim*, L. R. (1915), p. 215.

[2] *American White Book*, Vol. I, p. 1.

[3] *Ibid.*, p. 2 and 3.

time to base their action on the London rules, the United States immediately withdrew its suggestion. It was stated that since some of the belligerents would not accept the declaration without modification, the American Government "insists that the rights and duties of the United States and its citizens in the present war be defined by the existing rules of international law and the treaties of the United States, irrespective of the provisions of the Declaration of London; and that this Government reserves to itself the right to enter a protest or demand in each case in which those rights and duties so defined are violated or their free exercise interfered with" by the belligerent authorities.[1]

The American position with respect to the two warring groups was, of course, essentially different. Looking at the matter as a question of neutral trade, the United States' differences with Germany centered around the submarine campaign and war zones, which in turn involved the laws of contraband and blockade. With England, because of her control of the seas, our difficulties were more numerous. The whole British plan of economic pressure on the Central Powers involved American commercial interests.

3. Belligerent Rights

Contraband

The course of belligerent restraints on trade during the last war may be traced by considering *seriatim* the instrumentalities employed. The ultimate object was avowedly to cut off all supplies from the Central Powers. The achievement of this end was sought by utilizing the old doctrines of contraband and blockade and the new doctrines of war zones, blacklists, embargoes and rationing and shipping agreements.

Judge John Bassett Moore has well pointed out that the looseness of the contraband doctrine weakens the whole

[1] *American White Book*, Vol. I, p. 7.

system of neutral rights.[1] A belligerent may seize neutral property if it is contraband. If all goods were contraband, all neutral property could be seized. As already indicated above, two elements go to constitute the contraband character of goods; one is the kind of goods and the other their destination. As to character, they must be capable of war use; as to destination, they must be bound to a belligerent.

From the very first days of the war, the contraband lists were extended by leaps and bounds. The ingenuity of science found ways to transform the most innocuous substances into war-time necessities. For example, from almost every oleaginous substance — including animal fats, fish-oils, oil-seeds and nuts — glycerine was derived, and from glycerine came the nitro-glycerine for the high explosives.[2] So, too, the perfection of means of transporting goods, information and credits, was deemed by the Allied Powers to have altered old ideas of destination. Their position finally was frankly taken that preexisting international law did not meet the new situation and that new rules were therefore adopted, in accordance, however, with the general underlying principles. The same pleas were advanced during the Napoleonic wars and doubtless will be advanced in case of future conflicts.

In quick succession the British Government issued Orders in Council which contained modifications or novel applications of old doctrines.[3] As a result of these new rules, practically every merchant ship was required to touch at an English port before proceeding to any northern enemy port or to a neutral nation proximate thereto. Whenever a neutral vessel in this way touched at a British

[1] *International Law and Some Current Illusions* (1924), p. 47–48.

[2] See Consett and Daniel, *The Triumph of the Unarmed Forces*, p. 166 ff. *Cf. The Baron Stjernblad* (Privy Council), L. R. 1918, A. C. 173.

[3] The more important Orders in Council are printed in Appendix, p. 130 [484], 132 [486], 135 [489], 149 [503].

Throughout this study of conditions during the last war, attention is focused upon British action, and particularly as that action reflected upon the northern neutrals. This is due to the fact that from the point of view of neutral rights this area was the focal point and all of the principal lessons of the war in this connection may be learned from a study of this field.

port the regular procedure was to have the ship's papers sent ashore where they were examined and a telegraphic report sent to London. Whether the vessel were allowed to proceed on its course or held for search or immediately put into a prize court depended upon the instructions from London.[1] From this practice it is evident that Great Britain created unusual opportunities for ascertaining the nature of neutral cargoes, and, since prize court proceedings were quite generally based upon suspicions supported by statistics, few vessels escaped the contraband dragnet. The situation of the neutral merchantmen may be understood if it is realized that almost every commodity eventually found its way on to the contraband lists; that through one device or another almost every ship before reaching its European destination had to submit to some sort of British examination; that ultimate enemy destination, regardless of immediate neutral destination, was practically always presumed if the papers were drawn to order, if they contained any flaw, or if, as a result of statistical reasoning from import figures as contrasted with home needs, it was believed that some of the goods or other goods to be manufactured therefrom or released thereby, might find their way into enemy territory; and lastly, that the burden of proof was placed upon the neutral to establish conclusively that neither the goods themselves nor their by-products would reach an enemy country.[2] The British Government frankly stated that "for practical purposes the distinction between the two classes of contraband has ceased to have any value."[3] This was said to be due to the fact that the German Government exercised so full a control over all these substances that there was no longer a "real distinction" between armed forces and the civilian population.[4] No attempt was made, therefore,

[1] See *American White Book*, Vol. II, p. 117.

[2] On the application of these several points, see *The Kim*, L. R. 1915, 215; *The Bonna*, L. R. 1918, 123; and Garner, *Prize Law During the World War* (1927), Chap. XIII.

[3] British White Paper of April 13, 1916; *American White Book*, Vol. II, p. 52.

[4] On the extent of this German control or "*Zwangswirtschaft*," see Pardaillé-Galabrun, *L'Organisation économique de l'Allemagne pendant la Guerre* (1922), *passim*,

to prove that conditional contraband was going to the armed forces of the enemy. This was of course the same argument that was used during the Napoleonic wars and it did not present a very satisfactory answer to the American protests based on the theory of Lord Salisbury's famous pronouncement during the Boer War in January, 1900. "Foodstuffs," said Lord Salisbury, "with a hostile destination can be considered contraband of war only if they are supplies for the enemy's forces. It is not sufficient that they are capable of being so used; it must be shown that this was in fact their destination at the time of seizure." [1]

The Blockade

The British did not resort to a blockade until 1915. When this method was ultimately used, it took on so many forms and phases that it is almost impossible to estimate it in terms of ancient blockade theories. In one sense all the various belligerent economic weapons to be noted below are merely phases of the blockade, but in the interests of clarity it seems better to consider the blockade itself separately.

Anciently blockades were thought of as corresponding closely to the idea of a siege and went no further than preventing the ingress and egress of persons and materials. The Allied blockade during the last war was conceived in broader terms and was designed to destroy the import and

and *infra*, p. 60 [414]. For examples of German legislation (which does not seem to have set up a stricter control than that which existed in other countries, *e.g.*, England) see law of August 4, 1914, as amended January 21, 1915, in *Die Kriegsgesetze mit der amtlichen Begründung und der gesamten Rechtsprechung und Rechtslehre*, by Dr. George Güthe and Dr. Franz Schlegelberger; Sonderbund des *Jahrbuchs des Deutschen Rechtes* (Berlin, 1915), Vol. I, p. 747 and 748. This work is hereinafter cited as "*Kriegsbuch*." See also *ibid.*, p. 392, 558, 664, 678 and 923; also *ibid.*, Vol. III, p. 194, and Vol. IV, p. 29, 31 and 32. Texts of typical laws and decrees will be founded in *Reichsgesetzblatt*, 1915, p. 237, 308, 357, 569, 607 and 728; *ibid.*, 1916, p. 147 and 439. *Cf.* Theodore Reinach, *La Législation économique allemande pendant la Guerre actuelle*, in three parts, Paris, 1916–18.

[1] Moore, *Digest*, VII, p. 685. Judge Moore has presented a masterly reply to the British arguments in his *International Law and Some Current Illusions*, p. 27–28. For the British argument during the Napoleonic wars, see Appendix, p. 111 [465].

export trade of Germany, as well as the financial credit and standing of that nation.

In England a special Ministry of Blockade was created and the Minister of Blockade, Lord Robert Cecil, was at the same time an Under-Secretary of State for Foreign Affairs.[1]

One of the main features of the blockade was, of course, the cutting off of imports into Germany. A few figures will illustrate the success of the measures in this respect. The average annual net imports into Germany of fodder in the year 1912–13 was nearly four and a half million metric tons; in 1917 this figure was cut to 45,000 tons.[2] The shortage of foodstuffs and other supplies in Germany during the war was undoubtedly largely due to the effects of the allied blockade, but as one writer has pointed out, it was also due in part at least to the fact that German man power in industry and agriculture was tremendously decreased by the utilization of man power in the army. The efficacy of the blockade was partly overcome through Germany's acquisition of certain important sources of supply in Belgium and Rumania. For example, coal was obtained in Belgium and grain from Rumania.

One of the important aspects of the blockade was the destruction of Germany's export trade. When the imports were cut off it became very difficult for Germany to export to the northern neutrals and thus the purchase of commodities in these countries became very expensive because of the unfavorable exchange rate which developed.[3]

A further point was the effective allied control over mail and cables, which prevented the German Government from obtaining much valuable information which the Allied Governments were able to utilize.[4]

Some writers have argued that it was a great mistake for the British to impose their blockade so soon, because

[1] On the complicated organization of the British Government in this respect, see Parmelee, *Blockade and Sea Power*, Chap. VI, p. 83 ff.

[2] See table in Parmelee, *op. cit.*, p. 206, also citations, note, p. 204.

[3] See table of exchange rates in Parmelee, *op. cit.*, p. 238.

[4] *Ibid.*

if Germany had been allowed to buy freely in foreign markets during the first years of the war, she would rapidly have exhausted her credits and would have become bankrupt and it would have been far easier to have applied the blockade pressure in 1916 or early in 1917.[1]

The blockade in a broad sense was described by the British Government in January, 1916. It was declared that in March, 1915, "The Allied Governments . . . decided to stop all goods which could be proved to be going to, or coming from, Germany. The state of things produced is in effect a blockade, adapted to the condition of modern war and commerce, the only difference in operation being that the goods seized are not necessarily confiscated." [2]

It should be noted that this explanation was made under the title, not of blockade, but of "measures adopted to intercept the sea-borne commerce of Germany." The Order in Council itself does not use the word "blockade." On the other hand, the measures were administered by a "Ministry of Blockade" and were debated with the United States as a blockade.[3] It was of course inevitable that such a blockade would arouse the opposition of the neutral powers. There were some attempts on the part of the British Government to argue that they were not depending entirely on the usual rights of blockade but on this point the British Government was not consistent. At one point it declared that "the British fleet has instituted a blockade." [4] The blockade measures were also assisted by the creation of mined areas or war zones, a method used by both sides over the objection of the United States.[5]

[1] See Schreiner, *The Iron Ration*, p. 361–362, inaccurately cited in Parmelee, p. 240; Consett takes the opposite view.

[2] *British Parl. Papers*, Cd. 8145, Misc. No. 2, 1916, p. 3.

[3] And see discussions under the heading "The Blockade," in *War Cabinet Report*, 1917, p. 21 ff; *ibid.*, 1918, p. 31 ff.

[4] Cd. 7816, quoted in Consett, *op. cit.*, p. 29.

[5] On the war zones see Hyde, *International Law*, Vol. II, p. 423 ff., and documents there cited; also Myers, this SERIES, August, 1915, where the proclamations establishing war zones are given (map of the zones, p. 73).

The American Government pointed out the vital defects in the blockade from the traditional legal standpoint.[1] In the first place it was noted that contrary to all rules and precedents the blockade extended to neutral ports and coasts. The position of the United States was, however, weakened by Mr. Bryan's statement that the American Government "might be ready to admit that the old form of 'close' blockade with its cordon of ships in the immediate offing of the blockaded ports is no longer practicable in face of an enemy possessing the means and opportunity to make an effective defense by the use of submarines, mines and aircraft; but it can hardly be maintained that, whatever form of effective blockade may be made use of, it is impossible to conform at least to the spirit and principles of the established rules of war." [2]

This point was naturally quickly taken up by the British Foreign Minister. Sir Edward Grey said that he could not admit "that a belligerent violates any fundamental principle of international law by applying a blockade in such a way as to cut off the enemy's commerce with foreign countries through neutral ports if the circumstances render such an application of the principles of blockade the only means of making it effective." In support of this view he cited Mr. Bryan's statement just quoted.[3]

In his note of October 21, 1915, Secretary of State Lansing challenged other defects in the British blockade. It was correctly stated that one principle of blockade was that it must apply impartially to the ships of all nations. The British blockade, on the other hand, made no attempt to prevent traffic between the German ports and those of Denmark, Norway and Sweden. It was in this connection also that the American Government touched upon a fact which will be reverted to later,[4] namely, that

[1] Secretary of State Bryan to Ambassador Page, March 30, 1915, *American White Book*, Vol. I, p. 116, 118; this SERIES, August, 1915, p. 68.

[2] See Appendix, p. 139 [493], for text of Mr. Bryan's note.

[3] See British note of July 23, 1915, Appendix, p. 144 [498]; this SERIES, August, 1915, p. 74.

[4] See *infra*, p. 49 [403] and 61 [415].

British exports were constantly being made to those northern neutrals whose ports were included in the blockade. In view of these arguments the American Secretary of State flatly asserted that "it is incumbent upon the United States Government, therefore, to give the British Government notice that the blockade, which they claim to have instituted under the Order in Council of March 11, can not be recognized as a legal blockade by the United States." [1]

It was obvious that the blockade itself, — that is the prohibition of any vessel's entering a German port or a port of one of the northern neutrals, — was not wholly effective and other ingenious devices were therefore resorted to to accomplish the same ultimate aim.[2] These other methods will now be considered.

4. The Blacklists

The blacklists were of two kinds, the Statutory List and the General Blacklist. The statutory list was so called because it was adopted under authority of the Act of Parliament entitled "The Trading with the Enemy (Extension of Powers) Act, 1915." [3] The original trading with the enemy act made it a penal offense for British subjects to trade with the enemy. The new act extended the categories of interdicted persons and firms by including any such persons or bodies of persons who by reason of "enemy association" were believed by His Majesty to be in such a position that it was inexpedient to allow his subjects to deal with them. The statutory blacklist was under the control of the Foreign Trade Department.[4] The effectiveness of the blacklist was assured by the fact that the War Trade Board issued licenses to British sub-

[1] *American White Book*, Vol. II, p. 73; *cf.* British note in *ibid.*

[2] *Report of the War Trade Board* (U. S.), 1920, p. 11. The control of shipping was of course a focal point in all these activities of Great Britain and its allies. This aspect is not developed here; it has been adequately covered in J. A. Salter's excellent study on *Allied Shipping Control* (1921), Carnegie Endowment Series on the Economic and Social History of the World War.

[3] Text in Appendix, p. 148 [502].

[4] Parmelee, *op. cit.*, p. 85.

jects desiring to engage in foreign trade and could thus exercise a very definite control over shipments to persons in the prohibited category. Neutrals were forced to respect the blacklist through the pressure exerted by withholding bunkering facilities.[1]

In addition, however, to the statutory list was the General Blacklist, which does not seem to have proceeded from any Parliamentary authority. Whereas the statutory list was published, the general list was secret and confidential. The names on the list were divided into Classes A and B. Individuals and firms in Class A were denied all facilities for shipments, cabling and correspondence. Those in Class B were under surveillance and the same facilities were usually denied to them.[2] Parmelee states that one of the reasons for this secret list was to encourage the persons upon it to continue their operations so that the appropriate department of the Government could maintain its observations unsuspected and thus accumulate valuable information.

The policy of the blacklist was at first strenuously opposed by the Government of the United States. The measure was deemed to "embody a policy of arbitrary interference with neutral trade against which it is its duty to protest in the most decided terms." The effect of the policy was said to be [3]

> . . . extraordinary. British steamship companies will not accept cargoes from the proscribed firms or persons or transport their goods to any port, and steamship lines under neutral ownership understand that if they accept freight from them they are likely to be denied coal at British ports and excluded from other privileges which they have usually enjoyed, and may themselves be put upon the blacklist. Neutral bankers refuse loans to those on the list and neutral merchants decline to contract for their goods, fearing a like proscription. It appears that British officials regard the prohibitions of the blacklist as applicable to domestic commercial transactions in foreign countries as well as in Great Britain and her dependencies, for Americans doing business in foreign countries have been put on notice that their dealings

[1] *War Cabinet Report*, 1917, p. 21.

[2] Parmelee, *op. cit.*, p. 89.

[3] The Acting Secretary of State to Ambassador Page, July 26, 1916, *American White Book*, Vol. II, p. 148.

with blacklisted firms are to be regarded as subject to veto by the British Government. By the same principle Americans in the United States might be made subject to similar punitive action if they were found dealing with any of their own countrymen whose names had thus been listed.

The American Government considered that American citizens might be unjustly and arbitrarily subjected to very serious injury by the inclusion of their names upon such a list and that it was not fair to treat them in this way *ex parte* and without any chance for them to speak in their defense. It was stated that international law had developed certain definite restrictions upon neutral commerce, but that the new British measures were entirely outside the scope of the previous principles and were quite unjustified.

In reply to this protest Lord Grey stated that this was purely municipal legislation, which forbade British subjects to trade with persons on the list and imposing penalties on them if they violated the provisions of the statute. He argued that the British Government "neither purport nor claim to impose any disabilities or penalties upon neutral individuals or upon neutral commerce. The measure is simply one which enjoins those who owe allegiance to Great Britain to cease having trade relations with persons who are found to be assisting or rendering services to the enemy." Assurance was given that the policy would not be carried further than absolutely necessary and that it would not interfere with "genuine neutral trade." He emphatically repudiated the suggestion that the British Government was endeavoring to follow a selfish policy of developing its own trade for postwar reference at the expense of the neutral states. Lord Grey further stated that the British Government made no claim to dictate to neutrals with regard to their trade in this respect. From this point, however, he passed to the question of the exclusion of certain ships from the use of British coal for bunkers. "What legal objection can be taken to this course?" he asked. "It is British coal; why

should it be used to transport the goods of those who are actively assisting our enemies?" [1]

Technically, this argument of the British Government was sound, but practically the blacklist had its chief value in the indirect pressure it brought upon neutrals and its employment did much to further the agreements with neutral shippers which will be mentioned below.

Regarding the future it seems that the United States is completely estopped from pressing its objections to the blacklist policy, since the same policy was pursued by the American Government after its entry into the war. Under the authority of the Trading with the Enemy Act of October 6, 1917, it was made a penal offense for any "person in the United States" — not merely for citizens — unless under Presidential license, to trade with the enemy or "for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe, that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy." [2] The breadth of this language enabled the United States to go fully as far as, if not farther than, the British Government. The act in this respect was put into force by the executive order of October 12, 1917, creating the War Trade Board and authorizing it to fulfill the licensing and other functions referred to.[3] The War Trade Board in commenting on the allied blacklists stated that the Allies "had realized the belligerent value of prohibiting dealings with the enemy" and had thus cut off persons with enemy connections. It further stated that the United States pursued this policy in exercise of "the sovereign right of the Government to control exports."[4] The British position thus seems to have been fully accepted.

[1] The British Secretary of State for Foreign Affairs to Ambassador Page, October 10, 1916, *American White Book*, Vol. III, p. 42 ff.

[2] Sec. 3, par. (a) of the Act, 40 Stat. at L., 411.

[3] See text of Executive Order in Appendix, p. 151 [505].

[4] *Report of the War Trade Board* (U. S.), 1920, p. 12.

The War Trade Board also indicated that the policy of the Allies was generally directed to the destruction of enemy commercial and trade relations throughout the world, not only for immediate purposes of the war but in order to drive out of business various firms whose success might hearten the enemy. The board states that the French Government had an official list of the same nature as the British statutory list and that in each country there was also a confidential list used as a basis for issuing licenses.[1] Japan adopted similar measures.[2] It is obvious that this phase of belligerent control links up closely with the licensing system to be noted hereafter.

In the United States three lists were drawn up: (1) the Enemy Trading List; (2) the Confidential Suspect List; and (3) the Cloaks List. The Enemy Trading List was made public on December 5, 1917, and widely distributed throughout the United States. It contained the names of some 1600 concerns in Latin America. It was later extended to include European countries as well. The Confidential Suspect List and the Cloaks List were not published but were available to a certain number of other governmental agencies and to representatives of the Allied Governments. The former list "contained the names of enemy traders which, for reasons of expedience, it was undesirable to publish." The latter list covered Latin America and Spain and was used by the United States, Great Britain, France and Italy. It included names of persons and firms which were adopted as cloaks or covers to conceal the real name of the interested business interest. The War Trade Board also emphasized the special control of bunker supplies in making these lists effective.[3]

The War Trade Board has published certain examples of the effect of the blacklists, showing how certain im-

[1] *Report of the War Trade Board* (U. S.), 1920, p. 46.

[2] See text of laws and memorandum on the measures adopted by the Japanese Government in League of Nations, International Blockade Committee, 1921, Document C. B. 4 (a), reprinted as Document A. 32, 1921, of the Second Assembly, p. 22.

[3] *Report of the War Trade Board*, p. 49, 50 and 51. The lists of the various governments were finally coordinated through joint committees in London, Paris and Washington, *ibid.*, p. 53.

portant firms in Latin America were bankrupted and driven out of business by the exercise of this commercial pressure.[1]

5. The Embargoes

The use of the embargo was another instance in which the Allies maintained that they were exercising not a belligerent right but merely one of the rights of sovereignty. The embargoes were of two kinds: specific and general. A specific embargo was a prohibition upon the exportation of a particular commodity to a particular neutral country. The general embargo was a prohibition upon the exportation of all commodities to a neutral country. The purpose of the embargoes was two-fold: to add to the effectiveness of the blockade and to cover gaps left in measures taken under the right of stopping contraband; and to conserve resources in the allied countries themselves.[2] The latter aspect also influenced the German Government to adopt embargoes and Germany also prohibited certain exports to prevent materials being available on the world market for the benefit of the Allies.[3]

The allied embargoes served still another purpose; they were an effective political weapon for compelling neutral governments to accede to the allied demands. Thus, general embargoes were imposed for a time upon Denmark and Holland until those Governments had acquiesced in completing arrangements desired by the British and other allied Governments.[4] An instance of this was the specific embargo on cement to Holland. A special committee of inquiry was appointed to investigate this matter, it hav-

[1] *Ibid.*, p. 57–61. To the same effect see *British War Cabinet Report*, 1917, p. 21–22.

[2] Parmelee, *op. cit.*, p. 44–45.

[3] See citations in note 1, p. 38 [392].

[4] See Parmelee, *op. cit.*, p. 132–133. *Cf.* the action of the British Government in October, 1917, in cutting off facilities for the transmission of Dutch cable messages when the Netherlands Government declined to accede to British demands with respect to the transit of sand, gravel and other materials across Dutch territory from Belgium into Germany. See Inclosure No. 2 in note No. 128 from the Foreign Office to the British minister at The Hague, October 23, 1917, Cd. 8915, Misc. No. 2, 1918, p. 121, and memorandum from the Dutch minister in London, October 9, 1917, Cd. 8693, Misc. No. 17, 1917, p. 1.

ing been charged that British cement sent to Holland was finding its way into Germany and was there being used for the construction of "pill boxes." The committee concluded that Holland required large quantities of cement for the maintenance of its dikes; that formerly supplies had been obtained both from England and from Germany; that the German supply had now been cut off because that country now required all its stock for domestic use; and that the British cement going to Holland undoubtedly was used in the Netherlands. The embargo was, therefore, not imposed. It was also argued that withholding of the embargo would secure the political goodwill of the Netherlands and weaken its dependence on Germany.[1]

The embargo system naturally linked up with the series of rationing agreements, discussed below.

It should be noted that the United States also utilized the embargo after its entry into the war and also in connection with the rationing agreements. The authority to take such action was conferred by Sec. I of Title VII of the Espionage Act of June 15, 1917.[2]

On July 24, 1917, the Exports Council of the War Trade Board presented to the representatives of Holland, Sweden, Denmark and Norway an identic note in which it pointed out that there was a world shortage of foodstuffs and that the United States was under the necessity of conserving its supplies. Certain specific suggestions were made and the note "closed with a warning" that, pending arrangements to the effect that no food supplies would be exported by the neutrals to Germany, the United States would be forced to reduce the amount of such supplies sent to the neutral countries. "Thus began the policy of embargo on all exports to the northern neutrals, a policy that continued until, in cooperation with the Allies and these neutral countries, a coordinated system had been worked out that furnished these neutrals with necessary supplies and yet protected vital interests of the United States." [3]

[1] Cd. 9023, Misc. No. 9, 1918, *passim*.

[2] 40 Stat. at L., 217, quoted in *Report of the War Trade Board*, p. 2.

[3] *Ibid.*, p. 16 and 17.

The terms of these agreements will be considered below in connection with the rationing policy.

It is interesting to note that the Allies were compelled by German pressure to relax the embargo on certain articles which were called "nonessentials," but included such important articles as automobiles, salt, typewriters, machinery, certain drugs, dyes and dyestuffs, cutlery, etc. It was found that where embargoes had been placed by the Allies, German agents actively solicited the neutral business and by exports from Germany were building up German exchange and creating a German business monopoly in these lines.[1]

A further aspect of the embargo system is indicated by the necessity of restricting imports in order to conserve tonnage. In a situation where every cubic inch of shipping space was at a tremendous premium, the British Government closely restricted the importation of luxuries and other nonessentials.[2]

There was a conflict of opinion in British circles regarding the imposition of embargoes. The Board of Trade insisted on permitting certain exports to some of the neutrals in order to push British trade and to keep up the exchange. On the other hand, other officials thought it more important to cut off entirely goods which were so necessary to Germany and which might find their way thither through neutral channels. This point again links up with the question of British exports to neutral countries at a time when similar exports by American merchants were not allowed.[3]

According to the report of the British War Cabinet for 1918,[4] the United States and the Allies "in the exercise of their sovereign rights," prohibited exports of food, fodder,

[1] *Report of War Trade Board*, p. 26, and Grünfeld, *Die deutsche Aussenhandelskontrolle (Die Politik der Sperren)*, Bonn, 1922, p. 58.

[2] See *War Cabinet Report*, 1917, p. 124. For proclamations prohibiting the export of certain goods from Great Britain, see proclamation of October 3, 1914, and October 2, 1917, in 1918 *Naval War College Documents*, p. 95 and 97.

[3] See extract from letter by a "high governmental official" printed in Consett and Daniel, *op. cit.*, p. 295. For a similar point of view in Germany, see Grünfeld, *op. cit.*, p. 54.

[4] Page 31.

raw materials and manufactured articles with trifling exceptions, to Scandinavian countries and Holland. It was said that the general embargo could not apply to exports from neutral countries, but that Spain was the only neutral from which any large amount of imports could be obtained; "South American goods and Dutch East Indian products could not, in practice, reach Scandinavia and Holland, owing to the fact that bunker facilities, controlled by the Associated Powers, were refused to vessels carrying undesirable cargoes." The War Cabinet report goes on to state very frankly that the general embargo "was a measure applied to bring political pressure to bear upon the neutral countries, in order to compel them to cease exporting certain products to the enemy; to induce them to make comprehensive commercial and tonnage agreements with the Allies and to grant loans which would enable the Allies to make purchases in the neutral countries without subjecting themselves to the disadvantages of an unfavorable exchange." The War Cabinet further states that the "results of the general embargo were even more effective than could be reasonably anticipated."[1] The cause of the slight delay in concluding the agreements with the neutrals was due to the military successes of the Central Powers in the early part of 1918. But some of the neutral Governments were also subjected to home pressure, since the Allied embargo on fodder forced the local farmers to slaughter their live stock.

6. Neutral Organizations for Import and Export Control

The Netherlands

As has been already indicated, the Allies were able by the exercise of various forms of economic and commercial pressure to induce various neutrals to make agreements which assisted the Allied Powers in carrying out their plans.

[1] *Op. cit.*, p. 32.

In the earlier stages of the war the Allied agreements were usually made with private organizations, although at a later time official arrangements were made with the neutral governments. Of the private organizations set up to handle the matters involved, perhaps the best known was the Netherlands Overseas Trust [*Nederlandsche Overzee Trust Maatschappij*], commonly referred to as the N. O. T. "As early as September, 1914, the Dutch Government appointed a commission to assist and advise the Dutch importers and exporters on how to carry on their overseas commerce without violation of neutrality." [1] It was this commission which devised the plan of organizing a joint stock company which could act as consignee for imported goods under a guaranty satisfactory to the Allied Governments that such goods would not be reexported to the Central Powers. The company thus conceived became the N. O. T. The statutes of the company declare its purpose to be "to act as intermediary for Netherlands merchants or trading companies with a view to enabling the unmolested conveyance from overseas of merchandise which has been, or may be, declared absolute or conditional contraband by belligerent powers." In view of the fact that actual definitions of contraband became relatively unimportant as time progressed, this wording was later changed to refer to "uninterrupted import and export despite circumstances arising out of the war." [2]

The N. O. T. was under its statutes definitely barred from trading on its own account. Most of the important Dutch commercial and financial interests took part in the organization of the trust and cooperated with it. Its work was enormous and even in 1915 it issued as many as 2,300 permits a week.

Rather naturally, the Germans looked with disfavor upon the N. O. T. and considered it merely a tool of the British

[1] Vandenbosch, *The Neutrality of the Netherlands During the World War* (1927), p. 206. Professor Vandenbosch gives one of the best descriptions of the N. O. T., drawing partly upon an article by Alexander Nicol-Speyer in *International Law Notes*, August, 1916, p. 120.

[2] Vandenbosch, *op. cit.*, p. 207.

Government.[1] On the other hand, although the N. O. T. undoubtedly endeavored to exercise its functions in good faith, it did not receive unqualified support from the British and in some cases at least the British prize courts refused to accept a consignment to the trust as absolute proof of innocent destination, on the ground that the actual consignee might evade the vigilance of the trust and violate his guaranty.[2]

On July 19, 1915, the British Government proposed an agreement with the N. O. T. which was accepted by its Executive Committee on the following day. This agreement provided that all commodities imported into Holland were to be consigned to the trust except for wheat and wheat products which under the law in force had to be consigned to the Dutch Government itself. With respect to certain products the N. O. T. undertook the actual supervision of the unloading of the imports.[3] The N. O. T. guaranteed the home consumption of the goods consigned to it except for those which were to be returned to Great Britain or exported to other neutrals, and in the latter case the trust further guaranteed home consumption in the neutral country. Other agreements were made from time to time with the British and other Allied Governments. The United States, through the War Trade Board, later participated in such arrangements.[4]

Denmark

In Denmark import certificates were issued by the Merchants' Guild of Copenhagen or by the Danish Chamber of Manufacturers. Great Britain had particularly close contact with Denmark because of the Danish need for British

[1] See case of *The Lupus*, *Entscheidungen des Oberprisengerichts in Berlin* (1918), p. 377; Fauchille et de Visscher, *Guerre de 1914*; *Jurisprudence Allemande en Matière de Prises Maritimes*, p. 287; also Grünfeld, *op. cit.*, p. 55.

[2] See *The Noordam*, L. R., 1918, p. 57. On the attitude of the prize courts in the several countries, see Garner, *op. cit.*, p. 549 ff. As to British influence over the N. O. T., see Parmelee, *op. cit.*, p. 136.

[3] This summary is taken from that given by Parmelee, *op. cit.*, pp. 146 ff.

[4] *War Trade Board Report*, p. 25; *cf. ibid.*, p. 91–93.

coal. In June, 1915, the British Government sanctioned the establishment in Copenhagen of what was known as the Coal Bureau, composed entirely of Danes.[1] The functioning of this agreement has been severely criticized.[2] The Merchants' Guild had existed for over a century and was composed of the wholesale merchants of Copenhagen owning the Copenhagen Exchange. It elected a committee which was recognized by the Danish Government and which issued guaranties for all goods imported by its members; after a member upon investigation was found to have violated his guaranty as to the disposition of imported goods, he was fined heavily and blacklisted in the Copenhagen Exchange "which was usually a death-blow to his business." [3] The Chamber of Manufacturers was composed of various Danish industrial associations and each association was held liable for the action of its individual members. The regulation regarding imports and the disposition of imported goods was similar to that exercised by the N. O. T. The two Danish organizations mentioned maintained in London the "Danish Trading Office," which negotiated with the British Government and through which the Allies were able to maintain "a high degree of control over imports into Denmark." [4]

Sweden

In Sweden, the *Statens Handels Kommission* was created by royal decree in June, 1915, and was a distinctly governmental agency composed of representatives of various governmental departments. The commission issued export licenses and proposed export embargoes to the Swedish Government. There were also in Sweden various importing associations composed of firms dealing in specific products and these associations also exercised a super-

[1] Consett and Daniel, *op. cit.*, p. 126.

[2] *Ibid.*

[3] Parmelee, *op. cit.*, p. 139.

[4] *Ibid.*, p. 142.

vision over imports, although in every case a certificate had to be secured from the *Kommission*.[1]

Norway

In Norway there was no general organization, but as in Sweden there were numerous associations in the various trades. These associations made separate agreements with the British Government and such agreements were recognized and approved by the Norwegian Government.[2] The regulation and disposition of imports with the appropriate guaranties were taken care of by these associations in the same manner as in other countries.

Switzerland

On August 12, 1915, there was formed at Geneva the *Société auxiliaire suisse d'importation*. This organization was modeled on the N. O. T., but was short-lived.[3] It was supplanted on October 27, 1915, by the *Société suisse de surveillance économique*, commonly known as the S. S. S. This association was also private rather than official, but it was the result of an exchange of notes between the Swiss, French, English and Italian Governments.[4] According to the statutes [5] of the S. S. S. as revised June 26, 1918, the objects of the association were to oversee and guarantee the execution of the conditions placed by foreign governments on the importation into Switzerland of merchandise of all kinds and the utilization of such goods; to assist the

[1] The *War Trade Board Report* (U. S.), p. 25, lists 18 Swedish import associations of this kind. The relatively independent attitude of the Swedish Government may be noted from the fact that according to the Swedish War Trade Law of April, 1916, no Swedish subject could give to a foreign Government a guaranty regarding home consumption and nonexportation without the consent of the Government. This consent was not freely given. See *The Baron Stjernblad*, L. R., 1918, A. C. 173, 178.

[2] Parmelee, *op. cit.*, p. 143. The *War Trade Board Report*, *op. cit.*, p. 25, lists 15 such associations.

[3] *Société suisse de surveillance économique, 1915–1919, tableau de son activité*, Berne, 1920, p. 10; this is the official report of the activities of this organization.

[4] *Ibid.*, p. 10.

[5] The statute is printed in *ibid.*, p. 199.

Swiss authorities in carrying out the same objects by prohibitions on exports, guarding the frontier, etc. The association was forbidden to engage in business on its own account. It had a general assembly composed of fifteen persons, a committee, and a *direction générale*. According to the by-laws of the S. S. S.,[1] all goods imported into Switzerland had to be consigned to the S. S. S., under written permission from that organization. All imported goods had to be exclusively manufactured or consumed within the limits of Swiss territory, subject to certain exceptions permitted under license of the society. The society organized a number of *syndicats* in Switzerland representing the principal industries and these *syndicats* cooperated in carrying out the measures of control. Exports of goods were absolutely forbidden except under special licenses and it was particularly provided that when one belligerent permitted the importation of certain goods into Switzerland, those goods could not be exported to the other belligerent. Wheat and oats were the only products not consigned to the S. S. S., but these products were consigned directly to the Swiss Government, which had assumed control over them ever since the outbreak of the war.

The sanctions or penalties for enforcing the agreements of the S. S. S. with the various importers are not set forth in the statute or in the by-laws, but in the statutes of the cooperative associations in the various trades. These statutes are modeled on drafts prepared by the S. S. S. and their substantial acceptance was a condition precedent to authorizations being extended to the members of that *syndicat*.[2] The members of the trade *syndicats* were bound to carry on all their business through the mediation of the S. S. S., under penalty of expulsion from the association. Such an expulsion would practically cut off their right of trade. The members also agreed to abide by the decisions of the S. S. S.

[1] *Règlement intérieure*, drawn up on October 27, 1915, revised February 9, 1916, and June 26, 1918, printed in *ibid.*, p. 202.

[2] A *Statut-type* of this nature is printed in *ibid.*, p. 210.

regarding export and import under like penalties. Every member of the organization had to deposit a certain sum to guarantee its scrupulous observance of its engagements and for each particular transaction a special sum had to be deposited equal to the value of the goods. In case of a violation of the agreements a penalty of triple the amount of the merchandise involved was exacted and if the deposit of a particular member was not sufficient to meet this penalty, the deposits of other members could be called upon for contribution.

The S. S. S. maintained offices in Paris, London, Rome, and later in Washington, and from time to time agreements were made between it and foreign governments. In all these activities the Swiss Government played a prominent part and, as noted above, the first agreement of 1915 was made by the Federal Council of Switzerland. Other official Swiss organizations were created to cooperate with the S. S. S. in the performance of its duties.[1]

Spain

Apparently there was no organization in Spain comparable to that which existed in the other neutral countries, but negotiations were carried on between the Spanish and Allied Governments, mainly at Paris and Madrid. On March 7, 1918, an agreement was signed by the Spanish representatives and the United States War Trade Board, outlining provisions for exports from and imports into Spain.[2]

United States

While the United States was a neutral there were in this country certain organizations which fulfilled a function comparable to that already described in Scandinavia. Al-

[1] For a general discussion of the S. S. S., see William Waldvogel, *Les relations économiques entre la Grande Bretagne et la Suisse*, Neuveville, 1922, p. 166 ff. For examples of Swiss governmental control, see *Recueil Officiel des Lois et Ordonnances de la Confédération Suisse, Nouvelle Serie*, Vol. XXXI, p. 158 and 329; Vol. XXXIII, p. 126; Vol. XXXIV, p. 967.

[2] Parmelee, *op. cit.*, p. 172.

though the situation in the United States was never as difficult as that which existed in the European neutral countries, nevertheless considerable amounts of goods were imported into this country from territory over which Great Britain exercised control. In order to make certain that goods so imported into the United States would not be reexported to the Central Powers, Great Britain imposed numerous restrictions upon the American importers, such as requiring licenses, consignment to British officials or agencies, and the furnishing of guaranties.[1]

Some of the American interests combined to expedite their business in view of these restrictions. The most prominent example was that of the Textile Alliance, Inc., which as early as February 12, 1915, made an agreement with the British representatives relating to the importation of British wool. Americans desiring to import British wool had to send their applications for licenses to the Textile Alliance, Inc., which in turn submitted them to the British Embassy for submission to the British War Trade Department in London. If the application were approved, the goods were shipped to the Textile Alliance under a guaranty regarding reexportation. Eventually the Textile Alliance undertook to control not only wool, but jute products, cotton products, animal hair, flax, etc. Nine hundred and twenty-nine firms adhered to the Textile Alliance. In addition other trade associations were formed, of which the following examples may be noted: respecting rubber, 600 firms adhering; respecting leather, 600 firms adhering; respecting tin, 200 firms adhering; antimony, 80 firms adhering.[2] These private organizations were assisted and encouraged by the Division of Export Licenses in the Department of Commerce.

The agreement between the British Government and the Textile Alliance, Inc., provided not only that the importer agreed not to export articles so imported or the products of those articles, but in addition there was a

[1] *Report of the War Trade Board* (U. S.), p. 75 ff.

[2] *Ibid.*, p. 79.

"moral obligation" that so far as possible the Textile Alliance would discourage the export from the United States of various products of the same character, except in so far as specifically permitted.[1] Further, the Alliance announced that "in the matter of exportations from the United States it must be borne in mind that if specific merchandise is received in consideration of a guaranty not to reexport to an unapproved destination, it would be a breach of faith to export similar merchandise not obtained under guaranty." [2]

When the United States entered the war, the United States War Trade Board continued the arrangements already initiated with the British Government and made use of the same trade organizations in the United States. With the control of exports and imports in American hands, American trade was greatly facilitated and the delay involved in receiving British permits was eliminated.[3]

7. Rationing

In conjunction with a number of the above topics the rationing system has been indicated, but a more specific discussion may bring out the process more clearly. The system is thus described by the British War Cabinet: [4] It was said that the blockade had been elaborated and that two of its bases were as follows: (1) "Rationing schedules showing the normal requirements of all the European neutrals in respect of all the more important commodities which they obtain from overseas"; (2) "agreements with neutral shipowners, traders and associations of traders under which the contracting neutrals give certain undertakings in consideration for special facilities for their shipments. Many of these agreements contained rationing clauses which make it possible for His Majesty's Govern-

[1] Bulletin No. 17 of the Textile Alliance, February 23, 1917, quoted in *Report of War Trade Board*, p. 79–80.

[2] Bulletin of July 26, 1916, quoted in *ibid.*, p. 80.

[3] *Ibid.*, p. 81.

[4] Report for the year 1917, Cd. 9005, p. 22.

ment to terminate automatically many excessive shipments of the articles in question."

It thus appears that the various neutral organizations discussed above constituted merely one of the instruments employed for carrying out the rationing process.

In Great Britain the rations were largely fixed by the War Trade Statistical Department under the Ministry of Blockade. This Department compiled statistics of prewar imports of the neutral nations on the basis of which the rations were fixed. Careful check was kept upon imports into the neutral countries during the war in order to see that the rations were not exceeded.[1] In September, 1915, there was established at Paris the *Commission permanente internationale des contingents*, commonly known as the C. I. C. This organization controlled the dealings with Spain and Switzerland and particularly handled the Swiss rations.[2]

The theory of the rationing system was that if a neutral country bordering on Germany were allowed to import only such stocks as it needed for home consumption, it would not have an exportable surplus which could go to the Central Powers. The difficulties encountered were due partly to the fact that the goods themselves which were imported would not necessarily go to Germany, but might be manufactured into other materials which would find such destination, or might release home products which could be exported. The Allied Powers regulated these matters as far as possible, but were constantly forced to take into consideration the fact that the neutrals also had to bargain with Germany for essential supplies customarily imported from that country. In this connection it is interesting to note that the S. S. S. states in its report that, contrary to the usual opinion, it was not the Allied Powers but the Central Powers which first imposed a control upon imports into Switzerland. The German Government limited imports into Switzerland and utilized the Swiss

[1] Parmelee, *op. cit.*, p. 92–93.

[2] *Ibid.*, p. 122, and S. S. S. Report, p. 16.

necessity for German coal to bargain for guaranties regarding the disposition of products imported into Switzerland from Germany.[1] An agreement was concluded between Germany and Switzerland in September, 1916, in which Germany undertook to supply Switzerland with coal, iron and steel, dyes, potatoes, drugs, sugar, potash, and other materials, in return for cattle, dairy products, fruit, etc. This agreement was renewed in May and again in September, 1917. Similarly, a German-Dutch agreement provided for German exports of salt, coal, wood, cement, iron and steel, machinery, drugs, dyes and potash, in exchange for Dutch meats and dairy products. With Sweden, Germany agreed to supply coal in exchange for iron ore and wood pulp. Similar agreements were made by Germany with Denmark and Norway.[2]

In all the allied rationing agreements the United States War Trade Board participated after the American Government entered the war.[3]

In the case of the Netherlands in 1918 the rationing agreement was complicated by the desire of the Allies to secure Dutch tonnage. The Dutch Government found itself in an extremely difficult situation because of the demands of Germany on the one hand and of the Allies on the other. The Allies were able to exercise the greater economic pressure and were therefore successful in achieving their aims.[4]

[1] S. S. S. Report, p. 9. The Germans had a system of "Kompensations-Verkehr" by which agreements were made with neutral individuals and governments for reciprocal exchange of commodities. This system was supplemented by the "Sparstoffsersatz" which was an exchange of raw material for manufactured products, as distinguished from an exchange of goods for goods. See Grünfeld, *op. cit.*, p. 58–61. In general see also Borght, *Kompensationsverkehr mit der Neutralen*, Handbuch der Politik, Vol. II (Der Weltkrieg), and Neurath, *Grundsätzliches uber den Kompensationsverkehr im internationalen Warenhandel*, Weltwirtschaftliches Archiv., Vol. 13.

[2] See *Report of the War Trade Board*, 1920, p. 11–12. For German arrangements with the Netherlands regarding coal, see B. F. Moore, *Economic Aspects of the Commerce and Industry of the Netherlands, 1912–1918*, U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce, Misc. Series No. 91, p. 14–17; *cf.* Grünfeld, *op. cit.*, p. 55, 58.

[3] See outline of agreement with Denmark of September 18, 1918, in Parmelee, *op. cit.*, p. 158–159. For the Swiss, Norwegian, Swedish and Dutch rations, see also, *Report of the War Trade Board*, p. 27–29. See Appendix, p. 153 [507].

[4] See *U. S. War Trade Board Report*, p. 109 ff., where President Wilson's report on the requisition of the Dutch tonnage is printed in full. For further details of the at-

One of the difficulties arising from the rationing agreements was the conflict between the Allies and the United States while the latter was still neutral. The British Government utilized various measures indicated above to prevent American cargoes from going to the European neutrals, but at the same time large quantities of the same products were being exported from the United Kingdom to the various neutral countries.[1]

This was one of the chief weaknesses in the Allied position as against the American championship of neutral rights. The American Government could properly object to impairments of American freedom of trade which resulted in the promotion of British commerce.[2]

8. Licenses

Under the general caption of licenses it is convenient to discuss the various forms of official permission granted to individuals or companies for exporting or importing certain products. This system again naturally fits in with the various other instrumentalities employed. The British Government issued certificates through its consular officer or other official at the port from which a vessel departed for a neutral country. The certificate declared that the vessel contained no contraband articles. These certificates were known as "navicerts."[3] The advantage of this system to the neutral shipper was that he subjected himself and his vessel to search and investigation at the port

tempts to reach an agreement with Holland on this point, see *Medeelingen van den Minister van Buitenlandsche Zaken Aan De Staten-generaal, Juni, 1919–April, 1920*, p. 101 ff. For other aspects of the Dutch rationing and bargaining difficulties, see British Parliamentary Papers, Cd. 8693, Misc. No. 17, 1917, and Cd. 8915, Misc. No. 2, 1918.

[1] On this point see especially Consett and Daniel, *op. cit.*, p. 297 ff., for tables showing British exports to Scandinavia during the war. Rear-Admiral Consett writes from his experience as a British naval attaché in Scandinavia from 1912 to 1919, and his condemnation of the British action is vigorous and convincing.

[2] The fact of the British trade with Scandinavia was admitted in Sir Edward Grey's note to Ambassador Page on August 13, 1915; *American White Book*, Vol. II, p. 64. This admission was seized upon by Secretary Lansing in his reply of October 21, 1915; *ibid.*, p. 73, 78.

[3] Parmelee, *op. cit.*, p. 49.

of departure and thus avoided delays in the British ports *en route.*

Another feature of the licensing system was carried out for the purpose of conserving shipping.[1] No goods could be exported from an Allied nation or imported into such country without a particular license. Since licenses were not granted for the transport of nonessential commodities, the Governments were able to a large extent to confine the use of shipping to the carriage of those commodities essential to the welfare of the country and the prosecution of the war. Similarly, if an individual was accustomed to import a commodity from a distant source while a nearer source was available, licenses would be issued only for a voyage to or from the latter place.[2]

A further and one of the most important elements, was the control by the Allied nations of a large part of the coal supply. Vessels which depended on British coal for their bunkers necessarily had to agree to such terms as were imposed and the British Government would thus compel neutral shippers to prosecute only licensed voyages under penalty of being deprived of their coal supplies.[3] This weapon was of course particularly effective with respect to vessels sailing between European ports and those in the Americas.[4] Most of the neutral countries of Europe, by virtue of the rationing system itself, were unable to supply sufficient coal for return voyages and shipping therefore had to fall back largely upon the British supply.

The licensing system also checked up very definitely with the rationing system in that export licenses would be withheld from cargoes going to a particular neutral country whenever it was found that that country was exceeding its ration.

[1] On this point see generally, Salter, *Allied Shipping Control, op. cit.*

[2] Parmelee, *op. cit.*, p. 78–79.

[3] See *War Cabinet Report*, 1917, p. 21. See also *Parliamentary Papers*, Cd. 8145, Misc. No. 2, 1916, p. 6.

[4] See *War Cabinet Report*, 1918, p. 32.

In a similar way the licensing system fitted in with the operation of the blacklists since licenses were withheld from shipping companies and firms dealing with the interdicted persons or corporations.[1]

When the United States entered the war the War Trade Board also adopted the licensing system. The Executive Order of October 12, 1917, following Sec. 4 (b) of the Trading with the Enemy Act of October 6, 1917, authorized the War Trade Board to issue or withhold licenses as seemed to it necessary for the purpose of controlling trade with the enemy or persons associated with the enemy.[2] The War Trade Board also carried out the policy of licensing or refusing to license bunker coal for ships dealing in an unauthorized manner.[3] The relative needs of the Allies and of the United States were also regulated by the refusal to grant licenses for the import of goods from Europe which were especially needed in the European area.[4]

With relation further to the bunker control, it should be noted that this system became fully effective only after American entry into the war. In 1915 the United States furnished to vessels engaged in foreign trade nearly 7,500,000 long tons of bunker coal and in 1918 this total reached nearly 8,000,000 long tons. Similarly large amounts of bunker oil were supplied in these years. The British check could not therefore be wholly successful until the United States entered the war and the American War Trade Board cooperated.[5]

[1] *War Cabinet Report*, 1917, p. 21. Consett charges that licenses were frequently issued improperly for the export of coal and other commodities to persons blacklisted or not indorsed by the British legations in the Scandinavian countries; *op. cit.*, p. 122.

[2] See *Report of the War Trade Board*, 1920, p. 5, and *ibid.*, p. 19, for a description of the complications of the licensing procedure.

[3] *Ibid.*, p. 50–51.

[4] *Ibid.*, p. 101.

[5] *Ibid.*, p. 119 ff., and see p. 122, showing that most of the British licensing methods described above were used by the American organization.

9. Purchase of Excess Supplies

One other measure resorted to by the British and other Allied Governments was much less objectionable to the neutrals. This consisted in purchasing excess supplies from one of the neutral countries in order to keep those supplies from going to Germany. It was argued that the German market could not be closed to the neutral merchants unless a substitute market were created. This was of course a very costly method and moreover it was not wholly successful.[1] Nevertheless, even after the entry of the United States into the war, the method was continued to some extent. The agreement signed with Sweden on May 29, 1918, contained an obligation on the part of the Associated Governments to purchase 2,000,000 tons of Swedish iron with an option on 500,000 additional tons. Part of these supplies were purchased by the United States, some by France and some by Great Britain.[2] In making a rationing agreement with Denmark, the Allies did not agree to purchase the exportable surplus of meat and dairy products of Denmark, but instead stipulated that this surplus should be used to supply the needs of Sweden and Norway. In return, the Associated Governments undertook to facilitate the export from Norway and other countries of nitrates and other fertilizers into Denmark.[3]

[1] *War Trade Board Report*, 1920, p. 29.

[2] *Ibid.*, p. 29–30.

[3] *Ibid.*, p. 30. On the use of this method up to 1917, see *War Cabinet Report*, 1917, p. 23.

III. NEUTRALITY AND POSTWAR DEVELOPMENTS

The Background of the Covenant

THE treaties of peace which brought the World War to a close contained the Covenant of the League of Nations. The Covenant was an expression of the universal feeling of war-weariness, since both neutrals and belligerents had suffered in the struggle. As the Swiss Federal Council declared in reporting on the Covenant to the Federal Assembly, the World War had made it perfectly clear that war is essentially the affair of every state.[1] The League system was, therefore, foreseen as one which would prevent all wars in the future.

But the covenant tempers this optimism with a touch of *realpolitik*. While designing methods of preventing war, the framers of the Covenant envisaged the possibility of war and made provision for the resulting situation. Art. 11 of the Covenant recognizes the new solidarity of the international community by declaring that "any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League. . . ." The article assigns extraordinarily wide jurisdiction in two forms to organs of the League to reestablish peace. Its first and most remarkable jurisdiction was exercised in October, 1925, in solving the Bulgaro-Greek frontier incident precipitated by the Athenian dictator, Pangalos. The second provides for a mediatory system.

Arts. 12–17 of the Covenant provide a system for settling disputes between Member states. The essential principle underlying a flexible series of methods — choice of which by disputants is optional — is that any difference

[1] *Message du Conseil fédéral à l'Assemblée fédéral concernant la question de l'accession de la Suisse à la Société des Nations*, August 4, 1919, p. 28.

shall be submitted to some form of pacific settlement and the result awaited before resort to war. The detailed provisions are in Arts. 12, 13 and 15. According to Art. 16, "should any Member of the League resort to war in disregard of its covenants [agreements] under Arts. 12, 13, or 15, it shall *ipso facto* be deemed to have committed an act of war against all other Members of the League."

These provisions have led to the assertion that under the Covenant there is no further place for neutrality. If this were based on the theory that the League would include every state in its membership, subsequent developments have taken a different course. Powerful states have not accepted membership.

If war should follow the failure of Art. 11 to effect a restoration of peace, it would seem that neutrality would be the natural condition of nonbelligerents.

With respect to Art. 16, it is to be noted that it provides a sanction which is applicable only in case some method of pacific settlement has not been employed or its result disregarded within a specified time (three months). Granting that a dispute can survive the system of pacific settlement now existing in the Covenant and elsewhere, a war resulting from it would not bring the sanction into operation unless it was begun within the prescribed "cooling-off" period. Here again, it would seem that in such a war neutrality would be the natural condition of nonbelligerents.

In case a League Member actually brought Art. 16 into operation against itself, the article prescribes that it has resorted to an act of war, so that the rules of warfare could be applicable to it. The article does not specify, however, that counter action on the part of other Members of the League must take the form of war; their action in the face of repugnant acts is dependent upon their own judgment. Two conditions might, therefore, result. If their counter action is not in the form of war, the situation of the nonparticipating Member would not fall within the ordinary concept of neutrality. If their

counter action were technically "belligerent," the situation of the nonparticipating Member would be closer to the conception of historical neutrality.

It is, therefore, clear that a condition of aloofness having the general characteristics of neutrality may exist in hostile situations which conceivably might arise under the League Covenant. And it is equally obvious that a revision of the preexisting law of neutrality seems to be almost essential to the perfect operation of the League system, including its restricted international police measures under Art. 16.

There are several provisions of the Covenant which bear upon questions of war.[1] Arts. 11 and 16 have been alluded to. Art. 10 is an undertaking by Member states to "respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League." Under Art. 12 the Members agree to submit disputes to arbitration or inquiry by the Council and "in no case to resort to war until three months after the award by the arbitrators or the report by the Council." Art. 13 elaborates the provision for pacific settlement and contains an agreement not to "resort to war against a Member of the League" which complies with the terms of such settlement. Art. 15 describes the function of the Council in effecting peaceful settlements, which are not precluded from reaching the state of war under the conditions of pars. 6 and 7. Art. 16 is of special importance; it is this article which specifies the sanctions or international police measures.[2] Art. 17 applies the same scheme to non-Member states by stating that if a dispute arises between a Member and a non-Member, the latter shall be invited to "accept the obligations of membership in the League for the purposes of such dispute." If the invitation is refused and the non-Member resorts to war against a Member, Art. 16 is applicable against the former.

[1] The full text of the pertinent articles of the Covenant will be found in the Appendix, p. 160 [514] *et seq.*

[2] See text of the article in Appendix, p. 162 [516].

Before passing to the consideration of the developments subsequent to the signing of the Covenant, the background requires brief attention.

As early as June 25, 1910, the American Congress passed a joint resolution authorizing the President to appoint a commission to consider the expediency of limiting armaments "and of constituting the combined navies of the world an international force for the preservation of universal peace." [1]

The League to Enforce Peace

In 1915 there was organized, with Ex-President William Howard Taft as president, the League to Enforce Peace. Its program is highly prophetic of the League Covenant. After providing for arbitration and conciliation the proposals specify that the signatory powers shall jointly use "both their economic and military forces against any one of their number that goes to war, or commits acts of hostility, against another of the signatories before any question arising shall be submitted as provided in the foregoing." By an interpretation of the Executive Committee this provision was elaborated to make it clear that diplomatic and economic pressure should be used first when war is threatened and that military sanctions were to follow the actual outbreak of hostilities.[2] This emphasis on the economic weapon was strengthened by the actual experiences of the World War. The preceding discussion has

[1] 36 Stat. at L., Pt. I, p. 885. The full text of the resolution reads:

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That a commission of five members be appointed by the President of the United States to consider the expediency of utilizing existing international agencies for the purpose of limiting the armaments of the nations of the world by international agreement, and of constituting the combined navies of the world an international force for the preservation of universal peace, and to consider and report upon any other means to diminish the expenditures of government for military purposes and to lessen the probabilities of war: *Provided,* That the total expense authorized by this Joint Resolution shall not exceed the sum of ten thousand dollars and that the said commission shall be required to make final report within two years from the date of the passage of this resolution."

[2] *Program and Policies of the League to Enforce Peace,* William H. Short, Secretary of the League, p. vii. See full text in Appendix, p. 159 [513].

demonstrated how the Allied "blockade" became a matter of economic pressure rather than a naval or military maneuver. It will be seen below that the realization of this fact colored the subsequent thinking of the Members of the League.

The Making of the Covenant

The early projects for a League of Nations foreshadowed the ultimate development of Art. 16 of the Covenant. The second of President Wilson's Fourteen Points stipulated for the "absolute freedom of navigation of the seas outside territorial waters, alike in peace as in war, except as the seas may be closed in whole or in part for the enforcement of international covenants." [1] President Wilson seems thus to have definitely had in mind some change in the ancient system of neutrality in order to provide for the functioning of an international police force. In his address at the Metropolitan Opera House in New York on September 17, 1918, the President brought out the same point with greater emphasis on the economic aspect. He declared that "there can be no special, selfish economic combinations within the League and no employment of any form of economic boycott or exclusion except as the power of economic penalty by exclusion from the markets of the world may be vested in the League of Nations itself as a means of discipline and control." [2]

A survey of the progressive drafts of Art. 16 of the Covenant shows that in the course of the many revisions there was little change from the basic idea of the economic and financial boycott as an international police weapon which was expressed in President Wilson's first draft of

[1] Address to Congress, January 8, 1918; reprinted in League of Nations, *Reports and Resolutions on the Subject of Article 16 of the Covenant* (A. 14. 1927. V. 14), p. 22. This document is hereafter cited as *League Report on Art. 16*.

In their note of November 5, 1918, the Allied Governments did not completely accept the Wilson phraseology (Temperley, *History of the Peace Conference of Paris*, I, p. 396).

[2] *League Report on Art. 16*, p. 23.

the Covenant, as Art. 6 thereof. This article eventually became Art. 16.[1]

The above suggestions coming from the United States are of particular interest as indicating a willingness on the part of responsible persons in this country to accept a departure from the former concepts of neutrality. The later ones were, of course, based upon the theory that the United States would become a Member of the League.

In other sources the same ideas were stressed. General Smuts in his suggestion for the League of Nations, stated that the "experience of this war has shown how such a boycott, effectively maintained chiefly through sea power, has in the end availed to break completely the most powerful military power that the world has ever seen, and the lesson is not likely to be lost on future intending evil-doers. It is because of this power of the economic and financial weapon that many writers are of opinion that the obligation for action by Members of the League should not go beyond the use of these weapons." General Smuts, however, favored backing up the boycott by the use of military and naval action. He suggested that if there were to be any restatement of the laws of maritime warfare along the line of limiting the freedom of action of belligerents, there should nevertheless be provision for the widest measure of freedom against a state which had violated its covenants. He even suggested that such a state should not be "accorded the status of legalized war," but rather be outlawed and treated like a "common criminal."[2]

The French draft scheme for a League of Nations submitted to the Preliminary Peace Conference showed very clearly how definitely the French Government had in mind the lessons of the war. They cited the following as instances of "particularly efficacious measures" for bringing a defaulting state to terms: "the suspension, as regards subjects of the recalcitrant state, of all Articles of Association, con-

[1] See *League Report on Art. 16*, p. 28, insert, where the consecutive drafts are printed in parallel columns. The first Wilson draft is to be found in Senate Document No. 106, 66th Cong., 1st sess. (1919), p. 1177.

[2] *Ibid.*, p. 23–24.

ventions relating to the protection of authors' copyright, of industrial property and conventions under private international law concluded between that state and the other states Members of the League of Nations; the exclusion of nationals of the recalcitrant state from recourse to the courts of law in the countries Members of the League; the refusal to grant the *exequatur* in the said countries as to the execution of judgments pronounced by its courts in favor of the nationals; the seizure and sequestration of real estate or movable property belonging to its nationals in the said countries; the prohibition of commercial relations, and even, if necessary, of any agreement of a private nature with subjects of the states belonging to the League of Nations." [1]

In addition, the French Government suggested other sanctions of an economic nature under which head they listed the following:

(*a*) *Blockade*, consisting in the prevention by force of any commercial intercourse with the territory of the state in question;

(*b*) *Embargo, i.e.*, the seizure and temporary sequestration, in the ports and territorial waters of the Member states, of ships and cargoes belonging to the delinquent state and its nationals, as also the seizure of all goods destined for such state;

(*c*) *Prohibition of the supply of raw materials* and foodstuffs indispensable to its economic existence;

(*d*) *Prohibition of the issue by such state of public loans* in the territories of the Member states; refusal *to allow stock* issued elsewhere to be quoted on the official exchange, and even *withdrawal of any previous permission* for the quotation of the stock of such state.

It is interesting to note that the French Government includes blockade as an economic rather than a military or naval measure; this was of course in line with the war practice of the Allies.

Very much the same suggestions are found in the Italian draft for a League of Nations.[2]

The German view of the effectiveness of certain Allied measures during the war is indicated by their suggestion in proposals for a League of Nations, wherein they include

[1] *League Report on Art. 16*, p. 24–25.

[2] *Ibid.*, p. 26.

among the sanctions "the limitation of, or breaking off of, economic relations, especially by import and export prohibitions, unequal customs treatment, cutting off of the traffic in goods, persons, a stoppage of the transmission of news, confiscation of ships." All of these were measures which the Allies had taken against Germany during the war.

The Interpretation of the Covenant

Shortly after the League of Nations began its existence attention was directed to the question of perfecting the international police machinery contemplated by Art. 16. There are three points in this connection upon which attention should be focused. In the first place, it was at once admitted that the Covenant had been framed on the theory that all the states of the world would be Members of the League, and that the failure of this condition had materially altered the situation. In the second place, there early developed a general consensus of opinion that each state, by the terms of Art. 16, determines for itself in the exercise of its sovereign rights, whether another state has committed acts which would bring the obligations of Art. 16 into play. As a result of this feeling it became apparent that even among the Members of the League themselves there might not be a total absence of neutrals, should war break out in future. In the third place, and partly as a result of the first two considerations, emphasis was laid upon the economic rather than upon the military and naval aspects of international policing. In other words, the Members of the League were endeavoring to work out a system under which they could exercise effective pressure upon a covenant-breaking state without becoming involved in the difficulties attendant upon the assertion of neutral rights.

The Council realized that if a situation suddenly arose to which Art. 16 would be applicable, it would be necessary to have ready some plan of operation. In its 6th session, July 30–August 5, 1920, the Council adopted a report of Signor Tittoni recommending that the considera-

tion of the application of Art. 16 be placed on the agenda of the First Assembly of the League with a proposal for the creation of an International Blockade Committee to study plans for organization.

The First Assembly of the League, November 15–December 15, 1920, accordingly asked the Council to appoint an International Blockade Committee which should report to the Council while the Council in turn should place the conclusions before the Assembly in its second session in 1921. The Assembly also asked the Council to constitute a Committee on Amendments to the Covenant to consider, *inter alia*, desirable changes in and amendments to Art. 16.[1] This latter action was induced by the fact that the Scandinavian Governments suggested that the Council should be empowered to make exceptions in the application of economic boycotts, etc., for those states which by reason of their geographical situation and other considerations, might be placed in peculiar jeopardy through joining in a program of absolute nonintercourse. This position of the Scandinavian countries was undoubtedly induced by the vivid recollection of their experience during the World War, when they were subjected to pressure by the belligerents on both sides and came to realize the danger to their very existence of the application of an economic blockade from certain quarters. This feeling continued throughout all the subsequent discussions and was shared by other nations. For example, in the discussions which took place on this subject in the Third Committee of the Second Assembly, Austria supported the Scandinavian suggestions because "she was unable to exist without her neighbors," due to her peculiar geographical situation and particularly her entire dependence upon foreign sources for her coal supply.[2] A similar view was put forward by the Canadian delegation, which pointed out that if, for example, "the export of food to a defaulting state were stopped by the countries of the League, this action could only be

[1] See *League Report on Art. 16*, p. 7.

[2] *Records of Second Assembly, Meetings of First, Second and Third Committees*, p. 295.

injurious to those countries themselves, if the defaulting state were able to obtain its supplies from some country not a Member of the League.[1] This view emphasized the other side of the picture, that is, not the danger to Member states from the reprisals of the offender against whom sanctions were applied, but the boomerang effect of a Member's cutting itself off from a profitable market which would be supplied from other sources. This latter danger had also been brought out during the World War when the Allies found that the placing of embargoes upon exports to certain neutral countries merely resulted in the development of those markets by the Central Powers.[2]

International Blockade Committee

The International Blockade Committee was duly appointed. At the same time the Council instructed the Secretary-General to request each Member of the League to inform him concerning the means at present at its disposal for the fulfilment of the obligations arising out of Art. 16 of the Covenant, "and also any published official report on the application and effect of the blockade enforced against the Central Powers during the war." Twenty governments replied to these inquiries. The replies indicate that in some countries at least, special legislation would have to be enacted in order to enable the Government to put into effect any application of the sanctions under Art. 16.[3]

With reference to the report of the International Blockade Committee, it may be noted that Signor Tittoni in the report originally adopted by the Council and referred to above, laid stress upon the applicability of the principles of international law with respect to non-Member states when sanctions were applied. It was his view that the

[1] *Records of Second Assembly, Meetings of First, Second and Third Committees*, p. 366.

[2] See *supra*, p. 49 [403].

[3] The replies of the Governments are collected in Documents C. B. 4 and C. B. 4(a). The latter document is also printed as Document A. 32. 1921. The former is summarized in the *Official Journal*, II, p. 433–435.

Members of the League "who declare the blockade have the right to render it effective against all states, including those who are not Members of the League, but they have not the right to force the states who do not form part of the League to declare the blockade themselves."[1] This question was left to the International Blockade Committee by the Sixth Committee of the First Assembly.[2]

The report of the International Blockade Committee was signed on August 28, 1921, and transmitted to the Council.[3] The committee felt that it was not within the scope of its labors to "pronounce an opinion in regard to the naval blockade and the exercise of the right of search, because it considered that the effects of the new conception which is embodied in the League of Nations upon the traditional principles of international law were matters requiring exhaustive study." The committee's report was also limited by the consideration that the authors of the Covenant had conceived of the League as a universal organization. The committee felt that, "so long as great exporting countries remain outside the League, the application of Art. 16 in its entirety would not merely meet with great obstacles, it might even put the states Members of the League in very embarrassing positions." The committee also made one further important qualifying introductory statement. It declared that the name "International Blockade Committee" was a misnomer, since "the application of Art. 16 does not involve the application of the blockade in the traditional sense in which that term is understood in international law, although the blockade may become necessary, in certain circumstances, to enable this article to be effectively applied." It is believed that this statement is of great importance, since retrospectively it is in effect a commentary upon the measures taken during the World War, and prospectively indicates the whole

[1] *League Report on Art. 16*, p. 11.

[2] This Sixth Committee was especially charged to consider and report on the use of the economic weapon and the report presented by Lord Robert Cecil was adopted by the Assembly on December 10, 1920. *League Report on Art. 16*, p. 12.

[3] The text of the report is given in *ibid.*, p. 15 *ff*.

trend of League thought upon the application of sanctions under Art. 16.

Turning to the body of the report, it is found that the committee reached the conclusion that there is a distinct difference between acts of war and a state of war. It was agreed that under Art. 16, if a state commits an act of war against all the Members of the League, those Members were entitled to declare that a state of war existed between them and the covenant-breaker, but they were not compelled to reach that conclusion. The committee was of opinion that "the unilateral action of the defaulting state can not create a state of war, particularly if this state of war would be a mere fiction as regards most Members of the League."

A second important conclusion of the committee was that since a state of war did not *ipso facto* result for all Members of the League, such Members were entitled to continue those relations which were not forbidden by Art. 16. The committee considered that Art. 16 is essentially economic in character and this indicates the sense in which its provisions ought to be interpreted. Measures which would not be calculated to exercise a decisive influence on the economic resisting power of the defaulting state should not be included among the measures which have to be taken by virtue of this article. For the same reasons, the committee considered that the cutting off of the food supplies of the civil population of the defaulting state should be regarded as an extremely drastic measure which should only be applied if the other measures employed had been found to be inadequate. A large part of the report is concerned with the question of the exact function of the Council under Arts. 11 and 16. Into these matters it is not necessary here to enter, but one point may be noted. The experiences of the war are again illustrated by the conclusion of the committee that publicity attending the Council's action would be useful in that "public opinion in the country which has been declared a covenant-breaker will also be aroused, and that, in consequence, a new political orientation may

be adopted, thus making a return to a normal situation possible." It may easily be assumed that experience in the use of propaganda during the World War was the basis of this view.

With respect to the above-mentioned suggestion of the Scandinavian Governments that the situation of particular countries should be taken into consideration when sanctions were applied, the committee felt that the objection must be met in principle. It was believed, however, that no general system of exemption should be created but merely an understanding that in any given case special circumstances should be considered by the Council.

Passing to a consideration of the exact methods to be employed in applying the sanctions, the committee reiterated its view that although the language of Art. 16 was very broad, "the governing consideration is that the pressure is to be an economic, *i.e.*, commercial and financial" one. With respect to diplomatic and consular relations the committee felt that these need not be wholly severed. It was believed that the heads of missions should be withdrawn, but that inferior diplomatic officers and consuls might remain.

The French Government presented to the committee a list of articles considered to be of vital use in warfare. The committee felt that it would be advisable to maintain such a list revised and added to from time to time. Such a list would serve as a guide in the preliminary application of sanctions. Even when general prohibitions of export were unnecessary, it would probably be necessary to ban the export of articles on the list. If the application of sanctions went further and it became necessary to exercise the rights of visit and search at sea, the list "would form the basis of a contraband list for the Members of the League."

The committee then considered financial measures and concluded that the "experience of the late war affords ample illustration how easily measures of this sort may recoil and do great and perhaps even irreparable injury to the countries imposing the measures." This danger was of

course enhanced by the existence of non-Member states whose financial markets might be open to a covenant-breaker.

In considering the severance of "personal" relations, the committee again felt that a total prohibition might be unnecessary and that, for example, there would be no need "to forbid a father whose daughter might have married an inhabitant of the defaulting state to hold a communication with her on purely personal affairs." Nevertheless, to prevent abuses, it was believed that all correspondence should be submitted to some sort of censoring régime. It will be noted below (page 85) that a rather forceful dissent from these views was later expressed, indicative of the influence of the European, as distinguished from the Anglo-American, view of the effect of war upon trade relations. The former school holds that in case of war all personal relations with the enemy are permitted until forbidden, while the latter school considers all such relations prohibited unless permitted by special license.

Regarding non-Member states, the committee believed that an effort should be made "to arrive at arrangements which will at least insure their passive cooperation." The committee was of the opinion that some such arrangements could be made. It was not indicated whether these arrangements would be voluntarily entered into or induced by that form of economic pressure which the Allies so effectively used upon neutrals during the last war. Again we find the experiences of the war intimately connected with decisions regarding the application of the sanctions under Art. 16.

In view of the committee's insistence upon the primary emphasis on economic pressure, it made no detailed suggestions with regard to naval and military matters. The committee did stress the desirability of having every Member of the League consider its internal arrangements with respect to providing authorization for the carrying out of such sanctions as might be agreed upon.

On September 2, 1921, the Council adopted a resolution

directing the Secretary-General to transmit the Report of the International Blockade Committee to the Assembly.

The first detailed consideration of the Report of the International Blockade Committee was made by the Third Committee of the Assembly and presented to that body in two reports by M. Schanzer on September 20 and 29, 1921.

This committee of the Assembly concurred in the International Blockade Committee's conclusion that a distinction must be drawn between acts of war and a state of war; the latter could not be created by the unilateral act of the defaulting state. The Third Committee emphasized the fact that the "fundamental idea inspiring the Covenant is the avoidance of war." It did not therefore seem rational to permit a defaulting state to have the power automatically to throw the whole world into a state of war.

The Third Committee emphasized the fact that the Assembly in its first session had approved the principle that every Member of the League has the right to determine for itself whether a breach of the Covenant within the meaning of Art. 16 has been committed. The committee, therefore, felt that one of the chief problems was the reconciliation of this liberty of the Members with the obvious necessity of agreeing upon concerted and coordinated action. The Council has no authority to render a binding decision as to whether a breach of the Covenant has taken place. The Council merely renders an opinion and each Member decides for itself whether that opinion is sound. It may be noted that this view has grown in prominence in the League and has been applied to other articles of the Covenant, such as Art. 10. In this respect the development of League opinion shows the original idea of President Wilson as expressed to the Senate Committee on Foreign Relations and incidentally might remove one of the chief objections which has existed in the United States against American participation in the League.[1]

[1] See Sen. Doc. No. 160, 66th Cong., 1st sess. (1919), p. 502.

With regard to the Scandinavian proposal for recognizing the special situation of certain countries when sanctions were applied, the Third Committee differed somewhat from the International Blockade Committee. The distinction drawn, however, does not seem substantial. The view was expressed that no state could free itself from the "immediate obligation" of severing relations with a defaulting state, but that certain states might be absolved from the immediate "carrying out of this obligation."

The Third Committee agreed with the International Blockade Committee as to the maintenance of some diplomatic and consular relations. It disagreed as to the expediency of drawing up a "contraband" list. It agreed that the starving of the civilian population of a defaulting state should be considered as an extremely drastic measure to be used only in the last resort. It did not agree with the International Blockade Committee's distinction between harmful and harmless personal relations, but preferred to hold that all personal relations must be cut off. The Third Committee did not consider it necessary or suitable at that time to enter into detailed plans regarding the attitude of non-Members when the "economic weapon" was being used.

The Third Committee considered various suggestions for amending the text of Art. 16 in the interests of clarification and made some suggestions along this line to the Assembly.[1]

The Assembly adopted in general the suggestions of its Third Committee in a resolution dated October 4, 1921.[2] In particular, the Assembly agreed "that the unilateral action of the defaulting state can not create a state of war: it merely entitles the other Members of the League to resort to acts of war or to declare themselves in a state of war with the covenant-breaking state; but it is in accordance

[1] See text of amended Art. 16 as proposed in *League Report on Art. 16*, p. 41. These suggested amendments were adopted by the Assembly on October 4, 1921, *ibid.*, p. 42.

[2] *Resolutions and Recommendations adopted by the Assembly during its Second Session, September 5th to October 5th, 1921, Official Journal*, Spec. Sup. No. 6, p. 24. See the text of extracts from this resolution in Appendix, p. 164 [518].

with the spirit of the Covenant that the League of Nations should attempt, at least at the outset, to avoid war, and to restore peace by economic pressure." The Assembly reaffirmed the sovereign right and duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed.

In its session of January 10, 1922, the Council approved the sending of a letter to the Members of the League in which it was stated that "the Council will certainly be guided by the rules recommended by the Assembly, so far as they relate to the Council's action, should the necessity for such action arise, before final rules have been established." [1]

To summarize the developments up to this point, it may be stated that the League Members seem to have been in substantial agreement that in applying Art. 16 they should as far as possible avoid what might be called a League war. A covenant-breaking state was to be brought to terms by the application of economic pressure before there should be any resort to general hostility. Such a procedure would, obviously, avoid the difficulties that might arise from a non-Member state's claiming the rights and privileges accorded by the usual rules of neutrality.[2]

Application of Sanctions

Geneva Protocol

The so-called Geneva Protocol of 1924 dealt to some extent with the application of sanctions.[3] The protocol was designed to fill the existing gaps in the Covenant and to perfect the system for pacific settlement of disputes. Par. 3 of Art. 11 of the protocol reads as follows: [4]

[1] *League Report on Art. 16*, p. 44.

[2] It is not considered necessary to elaborate here the discussions which took place regarding the interpretation of the word "nationals" as it appears in Art. 16. There was a general feeling that the use of this word was a mistake, and that the intention really was to refer to "residents." On this point see in particular the report dealing with certain British suggestions for amending Art. 16 in *League Report on Art. 16*, p. 46 ff.

[3] *World Peace Foundation Pamphlets*, Vol. VII, Nos. 7, 8, 9.

[4] *League Report on Art. 16*, p. 49.

In accordance with par. 3 of Art. 16 of the Covenant, the signatory states give a joint and several undertaking to come to the assistance of the state attacked or threatened, and to give each other mutual support by means of facilities and reciprocal exchanges as regards the provision of raw materials and supplies of every kind, openings of credits, transport and transit, and for this purpose to take all measures in their power to preserve the safety of communications by land and by sea of the attacked or threatened state.

The basic point of the Geneva Protocol was the introduction of the definition of an aggressor nation as one which resorted to war without having previously submitted the dispute to one of the specified methods of pacific settlement. As stated in the report on the protocol presented to the Assembly by its First and Third Committees in 1924,[1] the result of this provision was that states would no longer be the judge as to whether their obligations had come into existence. Under the definition of aggressor suggested in the protocol, it was felt that this function could now be left to the Council, but it still remained for each state to judge of the manner in which it should carry out its obligations. The Geneva Protocol never came into effect.

Locarno Treaty

As indicative of another trend in the direction of making effective the sanctions under Art. 16, brief reference should be made to the Locarno treaty of mutual guaranty signed on October 16, 1925, between Germany, Belgium, France, Great Britain and Italy.[2] It will be recalled that under this treaty Germany and Belgium and Germany and France mutually undertake in no case to attack or invade each other or resort to war against each other. Of this undertaking Great Britain and Italy are additional guarantors, since they agree to come to the aid of any party if the other party should commence an attack in violation of its agreement.

[1] *Records of the Fifth Assembly, Minutes of Meetings of First Committee, Official Journal*, Spec. Sup. No. 24; also *Minutes of Third Committee, Official Journal*, Spec. Sup. No. 26.

[2] League of Nations, *Treaty Series*, Vol. LIV, p. 289; *World Peace Foundation Pamphlets*, Vol. IX, No. 1.

Art. 7 declares that the Locarno treaty "is designed to insure the maintenance of peace and is in conformity with the Covenant of the League of Nations," and that it should not "be interpreted as restricting the duty of the League to take whatever action may be deemed wise and effectual to safeguard the peace of the world."[1] The Locarno treaty thus suggests the possibility of utilizing a system of defensive military alliances in lieu of the "economic weapon" to be employed by the League as a whole. There is no mention of economic pressure in the Locarno treaty.

Difficulties of Imposition

The Preparatory Commission for the Disarmament Conference in its first session in May, 1926, necessarily had to consider some aspects of the application of sanctions. In this it was somewhat embarrassed by the presence of a delegation representing the United States. The American delegation stated, however, that in view of its eagerness to favor every effort made with a view to disarmament it "had no objection to certain proposals being discussed in connection with the obligations entered into by the Members of the League of Nations;" but it naturally could not be bound in any way by such discussions, in which it could not properly take part.[2]

The Finnish Government presented certain observations to the Preparatory Commission for the Disarmament Conference, in which they stressed the position of certain small states in the event that such states might become the object of aggression.[3] It was pointed out that many small states had no raw materials for the production of war supplies and no industrial capacity for manufacturing war materials. Such a state was therefore faced with the alternative either of keeping large stocks of materials on hand or of buying them when an emergency arose. The former

[1] Text of the treaty in *Arbitration and Security*, League of Nations, Document C. 34. M. 74. 1926. V. 14, p. 165 ff.

[2] *League Report on Art. 16*, p. 56.

[3] See Memorandum of the Finnish delegate in *League Report on Art. 16*, p. 56 ff.

alternative would not seem favorable to the general plans for disarmament and the latter alternative was dependent upon the cooperation of other Members of the League in case the state in question were attacked. It was pointed out that small states have difficulty in raising large loans in foreign countries and that this difficulty would be enhanced upon the outbreak of a war. It was therefore suggested that attention should be paid not only to those measures which Members of the League should take against an aggressor, but also to those measures of mutual assistance which the Members of the League should render to one another under the third paragraph of Art. 16. Similar proposals were made by the French and Polish delegations. These matters were referred by the Council to the appropriate committees.

The original report of the International Blockade Committee was subjected to careful scrutiny by the rapporteur, M. Louis de Brouckère (Belgium), on behalf of the Preparatory Commission for the Disarmament Conference.[1] M. de Brouckère declared that it was almost undisputed doctrine (in 1926) that the unilateral action of a defaulting state could not create a state of war and that the League should endeavor to forestall war by economic pressure. This was the conclusion of par. 3 of the 1921 Resolutions of the Assembly.[2] In expanding this thesis, M. de Brouckère declared that "a state of war does not exist until the country attacked takes up the challenge and thus admits the existence of a state of war." He pointed out that history reveals many acts of violence which, for sundry causes, did not result in war. He likewise admitted the difficulty of sustaining this view if the aggressor state actually declared war. Continuing this thought, he argued that it was not always easy to determine when a country "resorts to war." If irresponsible officers on the frontier in a remote district lead a few soldiers across the boundary the "invaded state" could not claim itself to be the victim of

[1] *League Report on Art. 16*, p. 60 ff.

[2] See Appendix, p. 164 [518].

aggression if this act were promptly disavowed by the central authorities of the alleged aggressor. "Legitimate defense," it was declared, "implies the adoption of measures proportionate to the seriousness of the attack and justified by the imminence of the danger." In short, it was believed highly necessary to have a competent authority to decide when the necessity for sanctions had arisen. If a state itself resorted to war on the theory that it was the victim of aggression, it might find that the other Members of the League believed the shoe to be on the other foot.

M. de Brouckère emphasized the fact that it was the chief function in convening the Council, not to determine that a breach of the Covenant existed, but to prevent such a breach from occurring. Thus the prescription for convening the Council is found in the preventive Art. 11 rather than in the punitive Art. 16. He therefore believed there was no difficulty attendant upon securing an immediate decision of the Council in an emergency, since the Council would almost surely already be in session.

The rapporteur took strong exception to those aspects of the 1921 Assembly Resolutions which contemplated half-way measures in applying the sanctions. He referred particularly to the maintenance of some diplomatic and consular relations. In his opinion there should be no element of bluff in making Art. 16 effective; sanctions should not be resorted to unless necessary, but where necessary they should be applied with all possible rigor in order to achieve the fullest measure of effectiveness. In line with this position he contended that no state should withhold economic sanctions for fear lest the aggressor state consider such action equivalent to war. In this respect he seems to disagree with the idea of favored or special treatment for which the Scandinavian states contended.

Study of Measures

Looking to the future, M. de Brouckère suggested the necessity for some detailed studies covering: (*a*) technical data on economic and financial relations; (*b*) plans for

mutual financial support of the policing states; (*c*) legal studies relative to the effect of a maritime blockade; (*d*) provisions regarding personnel; (*e*) legal suggestions for the perfection of local legislation to facilitate the application of sanctions. All of these suggestions except (*d*) were approved by the Council on December 8, 1926, and passed on to the Secretary-General for appropriate action.[1]

Relating to proposal (*b*) which was along the lines of the Finnish suggestion mentioned above (p. 83), the Financial Committee prepared a report.[2] The report suggests that the attacked state should contract its own loan but with the aid of an international guaranty. It was suggested that "General Guaranty Bonds" in a certain sum might be deposited in trust with the Secretary-General. In a case of aggression, the Council would authorize the attacked state to raise a loan. Thereupon the Secretary-General would present the General Guaranty Bonds to the guarantor who would issue "Specific Guaranty Bonds" covering the specific loan. It was further proposed that a few financially strong states should make a "super-guaranty" for an additional amount in order to facilitate the marketing of the bonds.

In pursuance of proposal (*c*), the Secretary-General submitted to the Council in May, 1927, a report on the "Legal Position Arising from the Enforcement in Time of Peace of the Measures of Economic Pressure Indicated in Art. 16 of the Covenant, particularly by a Maritime Blockade."[3] It is significant that the report deals with a status of peace, not of war, and that it relates particularly to economic, not to military or naval pressure. The report states that "from the legal point of view, the existence of a state of war between two states depends upon their intention and not upon the nature of their acts. Accordingly, measures of coercion, however drastic, which are not intended to create and are not regarded by the state to which they are

[1] See *League Report on Art. 16*, p. 75, 76.

[2] *Ibid.*, p. 79.

[3] *Ibid.*, p. 83.

applied as creating a state of war, do not legally establish a relation of war between the states concerned. This would seem to be the case even if . . . third states find it necessary to guide their own conduct by the view that a state of war exists. *There is no general rule of international law under which application of the economic sanctions would automatically produce a state of war.*" [1]

The report continues by considering the legal effect of applying sanctions to non-Members under Art. 17, par. 3, of the Covenant. The view is expressed that international law "does not regard as illegal the conclusion or the application of treaties of defensive alliance which involve resort to war by all the parties against the state which attacks one of their number. It would seem *a fortiori* that no illegality is committed against the aggressor state by agreeing to support the state attacked by measures falling short of resort to war or by actually employing such measures. It may be added that the provisions of the Covenant can claim a higher justification than any ordinary treaty of defensive alliance, since they constitute obligations mutually assumed toward one another by the great majority of states for the sole purpose of enforcing the pacific settlement of international disputes." The report goes on to point out that under existing international law, the rights of a belligerent are not affected by the "illegality" (as measured by a treaty breach) of the war. It is wisely observed that the aggressor nation will make its decision as to whether it will consider as a *casus belli* the application of sanctions by a particular state, not on legal grounds, but according to the dictates of self-interest. On the other hand, Member states may continue, as a matter of policy, to refuse to consider themselves at war.

With respect to Members, the report contends that a Member which does not believe the *casus fœderis* has arisen under Art. 16 can nevertheless not object to measures taken by Members holding the opposite view, even if such measures affect its economic and other interests.

[1] Italics inserted.

While each Member may decide for itself regarding the necessity for its own action, it can not object to other Members exercising a like freedom of judgment and it must acquiesce in the resulting situation. Furthermore, a Member which does not believe Art. 16 applicable, can not defeat the measures of sanction taken by other Members on the plea of abiding by general treaties for freedom of transit and the like. This view is supported by Art. 20 of the Covenant which aims to abrogate treaties inconsistent with the Covenant.

The report makes some interesting observations upon the rights of non-Members when sanctions are being applied. It is argued that the Covenant as a treaty obligation can not impair rights possessed by a non-signatory under general principles of international law. "Nor, on the other hand, should the Covenant be regarded as imposing on the Members of the League an obligation to violate the rights of a third state. . . . *A treaty must . . . be assumed to be intended to be interpreted subject to the rights of third states under international law.*"[1] The prevalence of this view would have the utmost importance for the United States. On the whole, it seems indicative of the general League attitude which tends to avoid a conflict with the rights of neutrals under international law. But the report goes on to point out that League action under Art. 16 is taken in the interest of international peace and not to further selfish national interests. "It is therefore unnecessary to assume," the report states, "that, when the occasion arises, third states will necessarily take the same view of their rights under international law as they might be expected to take in the case of a war, or of a resort to measures of economic pressure, without declaration of war, by a state or group of states pursuing their individual interests against another state or states. While it is not safe to rely in theory, and in advance of the event, upon this possibility, there must be held to be a possibility that third states, even if their active coopera-

[1] Italics inserted.

tion is not secured, may recognize such adaptation of the traditional rules of international law as experience may show to be necessary to render the application of Art. 16 effective." This view is said to be strengthened by the fact that the covenant-breaking state has agreed in advance that such measures shall be applicable to it, though it is admitted that the illegality of the war does not affect a belligerent's rights as against neutrals. But it may be noted that such a position seems to ignore the possibility that the aggressor will maintain that it has not violated the Covenant.

Reminiscent of the war-time claim of action taken in pursuance of sovereign territorial rights as distinguished from belligerent rights, is the report's discussion of measures taken within a Member's territory. A Member might restrict the intercourse of nationals of the aggressor with nationals of a non-Member if the former were resident in its territory. It is concluded that the non-Member would in such case have no legal ground for complaint. Such a view seems to be sound. But if Members should undertake to prevent ships of a non-Member from passing through territorial waters of an aggressor, it is admitted that the non-Member might lawfully complain of this interruption of the right of innocent passage. In other words, the report seems to recognize that measures on the seas can be effective against non-Members only if based on belligerent rights and not if they are based on sovereign rights.

Pacific Blockade

The report elaborates this point by considering the possibility of utilizing a "pacific blockade." But on this point no definite conclusion is reached. "Not merely is the existing law uncertain, but it is uncertain how far third states would or would not be disposed to take a narrow view of the application of the existing law to the special and unprecedented case of a pacific blockade applied under Art. 16 of the Covenant." [1]

[1] See the interesting suggestions made on this point; *League Report on Art. 16*, p. 88.

On this question of pacific blockade a separate report was prepared by M. Giraud of the Secretariat.[1] The first use of pacific blockade is said to have occurred in 1827 when England, France and Russia blockaded the coasts of Turkey. Since that time there have been about 20 such occurrences. France has used this method of pressure thirteen times, England twelve, Italy six, Germany and Russia four, and Austria-Hungary three. No great non-European state has ever resorted to it. The United States considered it with reference to the Vera Cruz incident of 1914, but the idea was abandoned. The report points out that pacific blockades have almost invariably been used by large against small powers. Two exceptions are noted: Chile's blockade of Bolivia in 1879 and Portugal's blockade of Zanzibar in 1888, the latter being in cooperation, however, with Germany, Great Britain and Italy. This fact is obviously due to the consideration that if the forces were not disproportionate, a pacific blockade would inevitably be taken as an act of war.

M. Giraud states that such blockades have occasionally been used to obtain reparation for alleged wrongs, but usually to prevent the outbreak of war, to insure the execution of general treaties, or to safeguard the interests of humanity.[2] M. Giraud admits that opinion differs as to the propriety and utility of the pacific blockade. He believes it is to be favored since it is a step short of war and preferable to actual warfare. On the other hand, since it can be used only by strong states against weak ones, he considers that its legitimacy can not be admitted "without infringing the equality of states and giving to powerful countries an intolerable advantage." M. Giraud, however, does not point out that this objection would not be pertinent to a League blockade under Art. 16.

Passing to the question whether such a blockade can be enforced against third states, M. Giraud is forced to

[1] *League Report on Art. 16*, p. 89. M. Giraud's report is well annotated.

[2] He cites as examples, *inter alia*, the blockades of Turkey and Greece in 1827 and 1886, respectively, to avert threatened war, and the blockade of Zanzibar in 1888, to put an end to the slave trade which the local authorities could not suppress.

the conclusion that the situation is doubtful. In most cases they have been applied to third states but not without objection. The French Government has insisted that a pacific blockade may be so enforced, but the United States has consistently taken the other view. The British Government has not been consistent on the subject.[1]

It is believed that the position of the United States is sound. Whether it is or not, it is a reality which League Members would have to face in applying Art. 16. It is apparent that the League does not desire to act in sharp opposition with the American claims of right under international law. It may be admitted with such authorities as Moore, Hyde, Holland and Westlake,[2] that the enforcement of a pacific blockade is not internationally illegal against the blockaded state. But this conclusion is not relevant since under Art. 16 any such measure against a covenant-breaker would be supported by treaty sanction. The rights of third states can not be ignored and in the premises seem to be established. Blockade is essentially a belligerent right and on principle it does not seem that the freedom of the seas can be thus restricted in time of peace. The League must therefore rely, as suggested in the above quotation from the report, upon convincing the third state of the propriety and desirability of acquiescing in a measure inspired by lofty motives.

Committee on Arbitration and Security

It has been noted that Art. 16 was rather consistently studied by the League from the standpoint of measures short of war, such as the "economic weapon" and pacific blockade. It has been indicated that this turn of mind seems to be directly traceable to the experience of both neutrals and belligerents during the last war. The Eighth

[1] But the British Government would probably find it impossible to challenge the American view today in view of the strong statements of Lord Palmerston (1846), Lord Granville (1884) and Mr. Balfour (1902), quoted by M. Giraud in footnote 3, p. 92, *League Report on Art. 16*. See also Moore, *Digest of International Law*, VII, sec. 1097.

[2] See note, *supra*, and Hyde, *International Law*, Vol. II, sec. 592, esp. p. 180.

Assembly on September 26, 1927,[1] turned over the whole subject of Art. 16 to a Committee on Arbitration and Security [2] which acted in connection with the work of the Preparatory Commission for the Disarmament Conference. From the report of this committee the impression is gained that the League thought is now running more toward military sanctions. It has of course become a basic thought in the League that arbitration, security and disarmament must go hand in hand.[3] One of the elements in security is an assurance regarding the extent of the assistance which an attacked state may expect to receive from its fellow Members. For seven years various committees had been studying the problem of joint economic pressure on the aggressor. Attention had also been paid to the Finnish proposal regarding aid, especially financial aid, to the victim of aggression. Out of all this discussion had come illuminating suggestions but no universal agreement on any definite plan upon which a state might place sufficient reliance to justify disarmament. The proposals for amending Art. 16 were rendered useless by the failure of certain states to ratify them. The most substantial progress was found in the Locarno treaties based on guaranties of armed assistance. The emphasis on armed assistance is therefore natural.

The Committee on Arbitration and Security, just referred to, prepared three memoranda; one by M. Holsti on Arbitration and Conciliation; one by M. Politis on Security; and one by M. Rutgers on Arts. 10, 11 and 16 of the Covenant. From the general League standpoint, these memoranda present a coordinated whole. From the viewpoint of this study, the last has the most direct significance.[4]

[1] See *Resolutions and Recommendations adopted by the Assembly during its Eighth Session, Official Journal*, Spec. Sup. No. 53, p. 24. It will be recalled that M. de Brouckère's report was prepared for the same commission, but emphasized the "economic weapon."

[2] *Minutes of the . . . First Session of the Committee on Arbitration and Security.* C. 667. M. 225. 1927. IX (1928. IX. 2).

[3] The focal point of this view is the famous Resolution XIV of the Third Assembly. The idea is clearly expounded by M. Politis as rapporteur, in a Memorandum on the Security Question, at p. 15 of League Doc. C. A. S. 10 (1928. IX. 3), Committee on Arbitration and Security, February 6, 1928.

[4] *Ibid.*, p. 24.

M. Rutgers points out that much of the preceding discussion was based on the provisional measures suggested by the Assembly in 1921 and that it had not been contemplated that so long a time would elapse before definite plans were adopted. It is important to note that M. Rutgers asserted that general acceptance was still accorded to the principle that each state must decide for itself when Art. 16 became applicable. This doctrine has prevailed from the very first, in spite of the attempt made in the 1921 Assembly Resolutions and in the Geneva Protocol of 1924 to confer wider authority on the Council. But M. Rutgers goes further and declares that if "ever the question of the application of Art. 16 arose, the decision of the different countries would not depend on interpretations, however authoritative, or on the deductions of lawyers; the great question would be whether the principle of Art. 16 was or was not a living reality."

M. Rutgers was concerned with preparing definite plans for applying Art. 16. He suggested that such preparation could go as far as drawing up plans of campaign for cases of aggression. But he believed that plans should rather be general and aimed merely at inspiring confidence in the readiness of League Members to perform their duties. Of primary importance is the following statement which emphasizes the above-mentioned interrelation of arbitration, security and disarmament:

> The preparation of the military sanctions provided for in Art. 16 does not seem likely to promote mutual confidence between the states Members of the League of Nations, if at the same time pacific procedure for the settlement of all international disputes is not organized, and if there is not also a general agreement on the reduction and limitation of armaments.

M. Rutgers concerned himself with two other general problems. He discusses the question of facilitating League communications (by rail, telegraph, etc.) in time of emergency. The importance of this point in connection with rapid assembling of the Council Members and of information is generally recognized. He also considered

the Finnish proposal for financial assistance to an attacked state. He pointed out one difficulty at least in the plan of the Financial Committee for Guaranty Bonds (see *supra*, p. 86). Under that scheme the Council would decide whether an act of aggression were committed and its determination would be final with respect to the loan. But at the same time the Members would be free to decide for themselves whether they were bound to apply sanctions. The possible divergence of view might be fatal to the success of the plan. Coordination between financial assistance to the victim and economic sanctions against the aggressor is essential. Nevertheless, it was considered that the Council could wield an important weapon for preserving peace under Art. 11 if it could guarantee granting a loan to an attacked state. This would also be likely to impress the aggressor with the solidarity of the League.

In his final conclusions, M. Rutgers voiced the belief that no "rigid and complete code of procedure for the League in times of emergency" should be prepared; that there were grave difficulties in the way of defining "aggression"; and that the Council might well recommend economic measures apart from the question of military sanctions.

The above views of M. Rutgers are the latest expressions of League opinion on the question of applying sanctions under Art. 16. Before summarizing the situation attention should be drawn to one other fact. Emphasis has been laid above upon the fact that each state must decide for itself whether the duty to apply sanctions has arisen. The obvious result of this position is that if the Members are not unanimous with respect to the applicability of Art. 16, certain of them may be at war while others preserve neutrality. Such "neutral" Member states may perhaps not be free to object to the measures of sanction taken by fellow-Members,[1] but at least they can destroy the efficacy

[1] See *supra*, p. 87 [441], for the expression of this view in the report presented by the Secretary-General to the Council in May, 1927.

of those sanctions. The possibility of such a situation is clearly indicated by the so-called "neutrality treaties" which have been concluded by various Members of the League.

Neutrality Treaties

On April 24, 1926, a treaty was signed at Berlin between Germany and Soviet Russia. Arts. II and III of this treaty are as follows:[1]

> Art. II. Should one of the contracting parties, in despite of its peaceful attitude, be attacked by a third party or by several third parties, the other contracting party will observe neutrality during the entire duration of the conflict.
>
> Art. III. Should as a result of a conflict of the kind mentioned in Art. 2, or even at a time in which neither of the contracting parties is involved in warlike affairs, a coalition be formed between third parties for the purpose of imposing upon one of the contracting parties an economic or financial boycott, the other contracting party undertakes not to adhere to such coalition.

In signing this treaty, the German Government addressed a note to the Soviet Government stating that this friendliness for the Soviet Union could not conflict with Germany's observance of the duties arising under Arts. 16 and 17 of the Covenant, on the theory that the hostile action referred to in the treaty could not be in consonance with the Covenant.[2] In this connection the German Foreign Minister referred to Germany's exchange of views with the Governments represented on the Council as to the interpretation of Art. 16. Germany maintained that in the application of sanctions the particular situation of each country must be considered. Germany, as a disarmed nation surrounded by powerful neighbors, could not "possibly agree beforehand to abandon its neutrality in the event of an international conflict." In reply the German Government was assured that the other Governments addressed believed that Art. 16 should be inter-

[1] League of Nations, *Treaty Series*, LIII, p. 387. 20 Supplement, *American Journal of International Law*, p. 120.

[2] *Ibid.*, p. 122.

preted so that in applying sanctions, each state could take into account its peculiar geographic and military position.[1] It will be recalled that this is in accord with the earlier contentions of the Scandinavian countries (*supra*, p. 73).

There are other examples of such "neutrality" treaties. On December 16, 1921, there was signed at Prague an Austrian-Czechoslovak treaty, Art. III of which declares that "each state undertakes to remain neutral should the other be compelled to defend itself against an attack." Art. VIII declares that this agreement is not in conflict with agreements previously concluded.[2] Similar is Art. II of the treaty of January 27, 1924, between Italy and the Kingdom of the Serbs, Croats and Slovenes.[3] Almost identical with the Russo-German convention is that between the Soviet Union and Lithuania signed September 28, 1926. In this case also, Lithuania stated in a note that the treaty did not conflict with its League obligations and that membership in the League "can not encroach upon the desire of the Lithuanian people to strive for neutrality, a policy which corresponds best with her vital interests." [4]

In summing up the League situation with respect to neutrality and international police measures, two points should be emphasized. On the one hand, it seems clear that the Covenant has not abolished neutrality even for Member states. This is recognized in the various expert studies prepared for the League and expressly contemplated in the treaties just discussed. On the other hand, it is possible that a situation may arise in which all Members of the League may be at war against an aggressor and only non-Members will be neutral. But the latter possibility is, in the words of M. Rutgers, a "dreaded event" which will be avoided if possible. If combined action under Art. 16 is requisite and necessary, it will apparently be confined — at first anyway — to the appli-

[1] See text of notes in *Sixth Yearbook of the League of Nations, World Peace Foundation Pamphlet*, Vol. IX, p. 145 ff.

[2] League of Nations, *Treaty Series*, IX, p. 248.

[3] *Ibid.*, XXIV, p. 32.

[4] *Ibid.*, LX, p. 154.

cation of economic measures which will not involve a state of war. In such a situation, rights of neutrality will not be involved. But in either contingency League action may be seriously hampered by the opposition or even the noncooperation of certain states. The experiences of the World War indicate how an economically powerful country like the United States may interfere with any scheme of economic pressure. The same experiences indicate that states applying economic pressure may be throwing a boomerang if the result is to close to themselves markets still open to competitors. The international police system of the League apparently can not function with complete success unless there is evolved a definitive test for "aggression." This point looks to the unification of action within the League itself and among its Members. On the other hand, assuming unanimity in the League, the problem of the non-Member state remains. In this respect the United States holds the key position and it is therefore necessary to note recent moves in this country which relate to American obstruction of the system of sanctions.

The Present Situation in the United States

It has been noted that in Europe there has been a definite linking of the subjects of Arbitration, Security and Disarmament. In the United States the same tendency may be traced, but it seems to be less consciously followed. As previously indicated, Congress passed a joint resolution in 1910 in which the question of disarmament was intimately linked up with the constitution of an international police force made up of the combined navies of the world (see *supra*, page 68). The Naval Appropriation Act of 1916 concluded with a declaration of the policy of the United States with respect to the peaceful settlement of international disputes.[1] In this declaration arbitration and disarmament were closely linked and it was suggested that naval building might be discontinued when

[1] Act of August 29, 1916, 39 Stat. at L., Pt. I, p. 556.

an international tribunal had been created for the purpose of settling disputes between nations. In this declaration, however, there was no suggestion of an international police force.

In the United States also there is found some emphasis upon the interrelation of disarmament and the law of maritime warfare.[1] The most recent and possibly the most important manifestation of this idea is found in the resolution introduced in the Senate by Senator Borah on February 21, 1928.[2] Senator Borah's resolution stresses the violations of international law during the World War and declares that "it is important as a condition of the limitation of armaments and of the orderly conduct of international relations that the rules of law as developed in the course of centuries be not left in doubt of [*sic*] uncertainty." The resolution accordingly provides that the rules of maritime warfare should be restated as soon as possible and that "the leading maritime powers of the world owe it to the cause of the limitation of armaments and of peace to bring about such restatement and recodification of maritime law."

Many persons believed that the contentions of the United States with respect to neutral rights would be strengthened at the close of the war by referring to some arbitral tribunal the war claims of American citizens against Great Britain. This possibility was definitely removed by the agreement effected by an exchange of notes on May 19, 1927, between the American Secretary of State and the British Ambassador at Washington. This agreement provided in effect that none of the war claims of either Government would be pressed diplomatically or referred to an international tribunal. Each Government undertook, in exchange for the release thus obtained, to

[1] What is believed to be the earliest full discussion of this point is found in Professor C. C. Hyde's article on *International Law in the Limitation of Naval Armament*, an address delivered under the auspices of the Association of the Bar of the City of New York, January 21, 1926, reprinted in 20 *American Journal of International Law* (1926), p. 237. The same point has found popular support in the columns of *The New Republic;* see issue of March 7, 1928, p. 80.

[2] S. Res. 157, 70th Cong., 1st sess.

satisfy the claims of its own nationals. Nevertheless, the agreement states "that the right of each Government to maintain in the future such position as it may deem appropriate with respect to the legality or illegality under international law of measures such as those giving rise to claims covered by the immediately preceding paragraph is fully reserved, it being specifically understood that the juridical position of neither government is prejudiced by the present agreement." [1]

The need for a restatement of the laws of maritime warfare is also indicated by the convention on maritime neutrality which was signed at the Havana Conference of American States, 1928. This preamble states "that neutrality is the juridical situation of states that do not take part in hostilities, and that it creates rights and imposes obligations of impartiality which should be regulated." The preamble also recognizes "that international solidarity demands that the freedom of commerce be always respected, avoiding as far as possible, unnecessary burdens to neutrals." [2] In general, the convention seems to follow the traditional rules and in particular it emphasizes the principle of the Hague rules as to the acts which a neutral state is forbidden to perform and the acts which it is not obligated to forbid.

The general situation respecting the American attitude toward League police measures under Art. 16, is also intimately related to the proposals for the outlawry of war.

In June, 1927, Foreign Minister Briand of France suggested to Secretary of State Kellogg that their two countries might conclude a treaty renouncing war "as an instrument of their national policy toward each other." [3]

[1] The text of the agreement will be found in 21 *American Journal of International Law* (1927), p. 542.

[2] Text taken from copy supplied to the writer by the Foreign Policy Association. Spanish text printed in *Diario de la VI. Conferencia Internacional Americana*, No. 30, p. 412. See further extracts from the Convention in Appendix, p. 128 [482].

[3] *Notes exchanged between France and the United States on the subject of a Multilateral Treaty for the Renunciation of War, together with the Text of M. Briand's Original Proposal for a Pact of Perpetual Friendship.* Washington Government Printing Office, 1928; also Foreign Policy Association *Information Service*, Vol. III, No. 25, February 17, 1928.

Mr. Kellogg countered with the suggestion that a general treaty of like import would be an even greater step forward. M. Briand agreed in principle to a multilateral treaty renouncing "all war of aggression." The American Secretary of State regretted limiting the proposal in this way and noted that no such limitation was contained in the original French plan. M. Briand replied that a multilateral treaty involved different principles and that the obligations of France under the Covenant of the League must be considered. Secretary Kellogg's note of February 27, 1928, with logical force pointed out that if France, in spite of the Covenant, could renounce all war with one power, she could do so with two or more. He pointed out also the action taken at the Pan American Conference at Havana, where 17 League Members joined with four non-Members in declaring against war. One of these declarations was a resolution pronouncing war of aggression an international crime and asserting that such war was prohibited.[1] The other was a resolution relating to a future conference on arbitration and conciliation, in which connection it was resolved that the "American Republics desire to express that they condemn war as an instrument of national policy in their mutual relations." There was no formal treaty agreement not to resort to war.

Mr. Kellogg's note is not wholly clear in that he refers not only to renunciation of war as an instrument of national policy, but also to the "abolition" of the "institution of war."[2] If the "institution of war" is abolished, all the legal implications of war must likewise fall. Not only the rules governing belligerent action but also rights and duties of neutrality would be swept away. It may be questioned whether such a step is contemplated by the American Government, but if such a thing were done, the interna-

[1] "The Sixth Pan American Conference, Part I." Foreign Policy Association, *Information Service*, Vol. IV, No. 4.

[2] This latter idea has been advocated by Senator Borah, S. O. Levinson and C. C. Morrison. See Senator Borah's resolution of February 13, 1923, 64 *Cong. Rec.*, Pt. 4, p. 3605, and Morrison, *The Outlawry of War* (1927), *passim*. See also Senator Borah's S. Res. 45 (70th Cong., 1st sess.) of December 12, 1927; also "League of Nations and Outlawry of War, Foreign Policy Association *Information Service*, Vol. III, No. 25.

tional police measures would be on a different footing. The United States could not object to League action under Art. 16 because there would be no neutral rights. The United States could discriminate against one belligerent because there would be no neutral duties.

But assume that only a renunciation of war as an instrument of national policy is contemplated. In such case, the legal status of neutrality remains. Unless the existing law of neutrality is changed, the United States could not discriminate against one belligerent and could assert its neutral rights. It may be interesting to recall the situation in the 17th century when it was held that strict impartiality need not be observed by a neutral if a prior treaty obligation called for special favors to one belligerent.[1] The present idea of defining an "aggressor" nation and the whole theory of Art. 16 of the Covenant suggest a return to the 17th century concept of the distinction between just and unjust wars. From the same period might be borrowed a rule that a neutral would violate no legal duty in discriminating against an "aggressive" or "unjust" belligerent, the criterion being the breach of a treaty obligation. Should the United States become a party to any general treaty renouncing war, the way might be paved for revamping the rules of neutrality along this line, even though the American Government continued to be a non-Member of the League. But it must be noted that this result would not *ipso facto* follow upon the conclusion of such a treaty; it would require a new general international treaty comparable to those signed at the Second Hague Conference of 1907.

According to the French note of March 30,[2] M. Briand has suggested that the breach of the anti-war treaty by one signatory would *ipso facto* release the other signatories and that it be understood that wars of legitimate defense are not banned. These two propositions may well be correlative. Assuming a universal ratification of the

[1] See *supra*, p. 4 [358].

[2] See *New York Times*, April 1, 1928, Pt. I, p. 1; Department of State release, S. D. 360, March 31, 1928.

proposed treaty, (which is a further condition stipulated by M. Briand), the necessity for a defensive war could arise only if one signatory breached its agreement. Under the French theory this would itself release the other parties, who would then be free to make war against the aggressor.

In a very real sense, the proposed treaty would vitalize the suggestion in Art. 11 of the Covenant that any war is a matter of concern to all the nations of the world. Short of a revamping of the law of neutrality, the conclusion of such a treaty would make the position of the United States analogous to the present status of Members of the League with respect to Art. 16 and international police measures. While each Member decides for itself whether there has been an act of aggression or breach of the Covenant, one Member can not complain of measures taken by other Members even though there is a difference of opinion as to the existence of the *casus fœderis*. Thus, too, it might be argued that a state breaking the proposed anti-war treaty, would be estopped from insisting upon the observance of neutral duties. In any case, it would seem that the breach by one state of the proposed anti-war treaty would make peculiarly appropriate the use of measures of reprisals short of war by a state not immediately involved in the dispute. Reference has been made to the retaliatory measures taken by the United States in 1807 and 1809 in response to the decrees of Napoleon and the British retaliatory Orders in Council.[1] These measures took the form of an embargo and a nonintercourse act which were directed against both belligerents, but they were preceded by hostile measures against the French alone which, while involving the capture of ships at sea, did not result in a full state of war. Attention may be called also to the recent practice of the United States in imposing embargoes on shipments of arms to countries

[1] See *supra*, p. 25 [379], and especially *Gray, Administrator*, v. *United States* (1886), 21 Ct. Cl. Rep. 340, where the so-called "limited" or "imperfect" war between France and the United States at the close of the 18th century is discussed at length. See also Moore, *Digest*, VII, secs. 1098, 1099 and 1102.

where domestic violence exists.[1] In an application of this policy in August, 1913, President Wilson declared that in forbidding the exportation of arms and munitions to Mexico, he was following "the best practice of nations in the matter of neutrality."[2] In some such cases, however, rules of neutrality might not be applicable in that a state of belligerency might not be recognized.

At the present time,[3] there are before Congress several resolutions bearing on this subject. On December 6, 1927, Senator Capper introduced Senate Resolution 14, urging the conclusion of treaties renouncing war as an instrument of public policy. The resolution further provided for the acceptance of the definition of an aggressor nation "as one which, having agreed to submit international differences to conciliation, arbitration or judicial settlement, begins hostilities without having done so." Finally, it was proposed that the treaty should declare that the signatory states would not protect their nationals who gave "aid and comfort to an aggressor nation." This resolution seems to be intended to provide a practical method for preventing the United States from being a stumbling block in the way of the enforcement of international police measures under Art. 16. The United States would not be compelled to depart from the rules of neutrality, but would merely refrain from protesting against the interference with American commerce which might result from a pacific or belligerent blockade enforced by sanction-applying states. This would be a form of that "passive cooperation" of non-Members which some League experts have suggested.[4]

Under this scheme the League problem would be considerably simplified because Member states would have to cope with American individuals only and not with the

[1] See 37 Stat. at L., 630 (1912). For applications of the embargo see 37 *ibid.*, 1733 (1912); 39 *ibid.*, 1756 (1915); and 43 *ibid.*, 1934 (1924).

[2] VII Supplement, *American Journal of International Law*, p. 279, 283; *cf.* Hyde, *International Law*, II, p. 593 and notes.

[3] April, 1928.

[4] See *supra*, p. 77 [431], 88 [442].

American Government. Even if the Capper Resolution is not adopted, the conclusion of the proposed anti-war treaties would make it feasible for the United States as a matter of policy, to adopt the idea of the third part of that Resolution.

On December 5, 1927, Representative Burton introduced House Joint Resolution 1 which would make it a penal offense for any one in the United States to export arms or munitions to any state engaging in aggressive warfare in violation of a treaty for pacific settlement of disputes, or to any other state if the goods were ultimately destined for the aggressor state. The President would determine the fact of aggression. On January 18, 1928, Mr. Burton replaced this resolution by House Joint Resolution 171, which abandoned the reference to aggressors and forbade the export of arms or munitions for any belligerent. This same line was followed in Mr. Burton's House Joint Resolution 183, introduced on January 25, 1928, and unanimously reported out of the House Committee on Foreign Affairs on January 26.[1] The report states that the purpose of the resolution is to declare on the part of the United States "that we do not desire that our citizens should participate in the profits derived from the furnishing of implements of destruction. It is thought also that this will be a restraining influence when nations are about to embark in war, and it is hoped that other countries may, should this become law, adopt similar regulations."

In its original form, the Burton resolution would have contributed in a very large way to assisting the League in enforcing sanctions under Art. 16. In its later form, the effect would vary with the situation of the aggressor and the other Members respectively. If the former were well equipped with arms and munitions the American export ban might cripple the sanction-applying states and *vice versa*. Moreover, although Resolution 183 contains detailed lists of arms and munitions, there is no ban on

[1] House Report No. 492, 70th Cong., 1st sess. See text of the Resolution in Appendix, p. 166 [520].

the export of raw materials such as copper, steel, nickel, chemicals, glycerine, etc. If the aggressor were a well-equipped industrial state and could resist the first impact of the sanctions, it might manufacture its own arms and munitions from American raw materials. Again, the situation would depend upon the relative economic and industrial strength of the opposing parties. Just as the free permission to both belligerents to purchase in neutral markets never results in practical equality,[1] so the ban on exports to both would result in similar inequality. Much depends also on the size of the American merchant marine. If American exports have to depend upon carriage in foreign bottoms, there is a much greater opportunity for Members of the League to restrain shipments to an aggressor.

If the theory of a ban on exports to both sides be sound, it would seem logical to extend the prohibition to all articles of absolute and conditional contraband. The experience of the last great war indicates that this would be practically equivalent to a nonintercourse act. It may be noted that the House Committee Report states: "It has not been thought best to prohibit the exportation of food or articles used alike by the civilian population as well as in the prosecution of war." This position could be maintained and the resolution at the same time broadened by resorting to the old-established definition of conditional contraband as involving goods actually destined for the armed forces.[1] This would force the neutral state to determine in advance the question of destination and it is possible that the belligerent might accept a neutral certificate on this point.[2]

[1] See *supra*, p. 38 [392].

[2] *Cf.* Hyde, *International Law*, II, sec. 813. The Burton resolution was considered in public hearings before the House Committee on Foreign Affairs. Various interests raised objections to the proposal. Other resolutions along the same line are: H. J. Res. 94, introduced by Representative Fish on December 13, 1927; H. J. Res. 32, introduced by Representative La Guardia on December 5, 1927; and the H. Wickham Steed proposal, which attracted considerable popular interest — see *Current History*, December, 1927, p. 347. Mr. Steed urged an American declaration that the United States would "never weaken the hands" of other states cooperating to prevent aggression.

Final Summary

It is difficult to escape the conclusion that the prevailing thought favors some reconsideration of the legal situation in time of war. The War of 1914–18 brought home the practical fact that neutrals can not be mere disinterested spectators; just as it was forced on the attention of the generation which lived through the Napoleonic period, or through any other era in which a war of great magnitude raged. Developments in transportation, trade and communications and the broadening of knowledge have merely brought this truth home to a wider public. For some time developments have been along the line of consolidating and crystallizing neutral rights. There was insufficient organization in the international community to permit the drawing of ideal distinctions between just and unjust wars. Accordingly, peace machinery could not be perfected.

The present tendency receives its impetus from the progress of international organization. Beginning with joint action for mutual advantage where economic, financial, social or scientific interests were served, international society approaches such cooperation in the political field. The problems of war, peace and neutrality are both political and — in a broad sense — economic and social. It seems to be widely admitted that warfare is disadvantageous to human society.

The majority of the members of the international society are Members of the League of Nations. As such, they have mutually agreed upon a certain community of action for the preservation of peace, based upon the theory that warfare between any two Members is the concern of all. The functioning of the new international peace machinery seems to be hampered by a lack of confidence in unproved methods, by a vigorous survival of national feeling, and by the existence of strong states which have not consented to join in the new experiment. If the latter group of states, and the United States in particular, is willing to

give assurances that at least it will not hamper the operation of the new machinery, a definite system of international solidarity can be worked out. This should inspire sufficient confidence to cause a weakening of nationalistic feeling and consequently contribute to the practicability of more ambitious efforts. The non-Member states — and again the United States in particular — hold the key positions. Until the League Members know what to expect from this quarter they are apparently not ready to risk taking categorical decisions. If the United States is in sympathy with the general plan, its cooperation need not take the form of joining the League. It may:

1. Consent to a revision of the existing rules of neutrality so that the United States could, at its discretion, discriminate against an aggressor.

2. Ratify a general treaty renouncing war and as a result cooperate, passively or actively, in reprisals against a state breaking its treaty pledge.

3. Agree to the abolition of the "institution of war," which would result in eliminating neutral rights and duties.

4. Prohibit the export of arms, munitions or other goods and materials to either

(*a*) An aggressor state, or

(*b*) Any belligerent.

5. Refrain from protecting the rights of its nationals under existing law, when such rights are impaired by the application of international police measures.

APPENDIX I

DOCUMENTS ILLUSTRATING THE HISTORICAL DEVELOPMENT OF THE LAW OF NEUTRALITY

1. Consolato del Mare[1]

Chapter CCLXXIII (273)

Of the ship laden with goods taken by an armed vessel.

If an armed ship or cruiser, meets with a merchant vessel, belonging to an enemy and carrying a cargo, the property of an enemy, common sense will sufficiently point out what is to be done: it is, therefore, unnecessary to lay down any rules for such a case.

If the captured vessel is neutral property, and the cargo the property of enemies, the captor may compel the merchant vessel to carry the enemy's cargo to a place of safety, where the prize may be secure from all danger of recapture; paying to the vessel the whole freight which she would have earned at her delivering port; and this freight shall be ascertained by the ship's papers; or, in default of necessary documents, the oath of the master shall be received as to the amount of the freight.

Moreover if the captor is in a place of safety where he may be secure of his prize, yet is desirous to have the cargo carried to some other port, the neutral vessel is bound to carry it thither: but for this service there ought to be a compensation agreed upon between them, or, in default of any special agreement, the merchant vessel shall receive for that service the ordinary freight that any other vessel would have earned for such a voyage, or even more; and this to be understood of a ship that has arrived in a place where the captor may secure his prize; that is to say in the port of a friend; and going on an ulterior voyage to that port to which the captor wishes her to carry the cargo which he has taken.

If it shall happen that the master of the captured vessel or any of the crew, shall claim any part of the cargo as their own, they ought not to be believed on their simple word, but the ship's papers or invoice shall be inspected; and, in defect of such papers, the master and his mariners shall be put to their oaths; and if, on their oaths, they claim the property as their own, the captor shall restore it to them; regard being paid at the same time to the credit of those who swear and make the claim.

If the master of the captured vessel shall refuse to carry the cargo,

[1] Wheaton, *History of the Law of Nations* (1845), p. 63; quoted from Dr. Chr. Robinson's *Collectanea Maritima*, No. V.

being enemy's property, to some such place of safety at the command of the captor, the captor may sink the vessel if he thinks fit, without control from any power or authority whatever; taking care to preserve the lives of those who are in her. This must be understood, however, of a case where the whole cargo, or, at least, the greater part of it, is enemy's property.

If the ship should belong to the enemy, the cargo being either in the whole or in part, neutral property, some reasonable agreement should be entered into on account of the ship, now becoming lawful prize, between the captor and the merchants owning the cargo.

If the merchants refuse to enter into such an agreement, the captor may send the vessel home to the country whose commission he bears; and in that case the merchants shall pay the freight which they were to have paid at the delivering port. And if any damage is occasioned by this proceeding, the captor is not bound to make compensation; because the merchants had refused to treat respecting the ship after it had become lawful prize; and for this further reason also, that the ship is frequently of more value than the cargo she carries. If on the other hand, the merchants are willing to come to a reasonable agreement, and the captor from arrogance, or other wrong motives, refuses to agree, and forcibly sends the cargo away, the merchants are not bound to pay the whole, nor any part of the freight; and, besides, the captor shall make compensation for any damage he may occasion to them.

If the capture should be made in a place where the merchants have it not in their power to make good their agreement, but are, nevertheless, men of repute, and worthy to be trusted, the captor shall not send away the vessel, without being liable to the damage; but if the merchants are not men of known credit, and can not make good their stipulated payment, he may then act as it is above directed.

2. Peace of the Pyrenees between France and Spain, November 7, 1659 [1]

XI. That Transportation and Traffick shall extend to all kinds of Merchandizes and Commodities, which were us'd freely and securely to be transported into the said Kingdoms, Countries and Dominions, before they were in War with *Spain;* Provided yet, that during the said War, the most Christian King's Subjects shall abstain from carrying thither any Merchandizes of the Growth of the Catholick King's Dominions, such as may be serviceable against him and his Dominions; much less shall they carry thither any Contraband-Goods.

XII. By that kind of Contraband-Goods, are only understood all sorts of Fire-Arms, and all things belonging to them; as Cannons,

[1] *A General Collection of Treatys, Declarations of War, Manifestos, and other Publick Papers*, relating to Peace and War (second edition, London, 1732), I, p. 45, 47.

Muskets, Mortar-pieces, Petards, Bombs, Granadoes, Saucidges, Pitch'd-circles, Carriages, Forks, Bandaliers, Gunpowder, Cords, Saltpeter, Bullets, Pikes, Swords, Casks, Head-pieces, Cuirasses, Halberts, Javelins, Horses, Saddles for Horses, Holsters for Pistols, Belts, or any other warlike Furnitures.

XIII. In that kind of Contraband-Goods, shall not be comprehended Wheat, Corn, or other Grains, Pulse, Oils, Wines, Salt, nor generally any thing belonging to the nourishment and sustentation of Life; but they shall remain free, as all other Merchandizes and Commoditys, not comprehended in the foregoing Article: And the Transportation of them shall be free, even to Places in enmity with the Crown of *Spain*, except *Portugal*, as aforesaid, and the Towns and Places besieg'd, block'd up, or surrounded.

. . . . . .

XIX. It hath further been agreed and concluded, that whatsoever shall be found to have been laden by the Subjects of his most Christian Majesty, aboard any Ships belonging to the Enemies of the said Lord and Catholick King, altho not contraband Goods, shall be confiscated, together with all that shall be found in the said Ship, without any exception or reservation: But on the other side, whatsoever shall be found in the Ships belonging to the Subjects of the most Christian King, shall be free and freed, altho the lading, or part thereof, shou'd belong to the Enemys of the said Lord the Catholick King, except the prohibited Goods; in regard whereof they shall carry themselves according to what hath been dispos'd in the foregoing Articles.

3. First Armed Neutrality — Declaration of Empress Catherine of Russia, of February 28, 1780 [1]

(1) That neutral vessels may navigate freely from port to port and along the coasts of the nations at war.

(2) That the effects belonging to subjects of the said powers at war shall be free on board neutral vessels, with the exception of contraband merchandise.

(3) That, as to the specifications of the above-mentioned merchandise, the Empress holds to what is enumerated in the 10th and 11th articles of her treaty of commerce with Great Britain, extending her obligations to all the powers at war.

(4) That to determine what constitutes a blockaded port, this designation shall apply only to a port where the attacking power has stationed its vessels sufficiently near and in such a way as to render access thereto clearly dangerous.

(5) That these principles shall serve as a rule for proceedings and judgments as to the legality of prizes.

[1] Carnegie Endowment for International Peace, *The Armed Neutralities of 1780 and 1800*, p. 274.

4. Washington's Proclamation of Neutrality [1]

22nd April, 1793.

By the President of the United States of America.

A Proclamation

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands, of the one part, and France on the other, and the duty and interest of the United States require, that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial toward the belligerent powers:

I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid towards those powers respectively; and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever, which may in any manner tend to contravene such disposition.

And I do hereby also make known that whosoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations, by committing, aiding or abetting hostilities against any of the said powers, or by carrying to any of them those articles, which are deemed contraband by the *modern* usage of nations, will not receive the protection of the United States, against such punishment or forfeiture: and further, that I have given instructions to those officers, to whom it belongs, to cause prosecutions to be instituted against all persons, who shall, within the cognizance of the courts of the United States, violate the Law of Nations, with respect to the powers at war, or any of them.

5. Food as Contraband

Mr. Hammond, Minister Plenipotentiary of Great Britain, to Mr. Jefferson, Secretary of State [2]

Philadelphia, September 12, 1793.

Sir:

I have the honor of transmitting to you a copy of an additional instruction, given by His Majesty's order in council, to the commanders of the British armed vessels, respecting the commerce of neutral nations with France, in the article of grain, and also with regard to such French ports as may, in the course of the war, be blockaded by the vessels of his Majesty, or of the other powers engaged in the war.

[1] *American State Papers, Foreign Relations*, I, p. 140; facsimile in Moore, *American Diplomacy* (1918), p. 41.

[2] *American State Papers, Foreign Relations*, I, p. 240.

In communicating to you this paper, it is necessary for me to remark, that, by the law of nations, as laid down by the most modern writers, it is expressly stated, that all provisions are to be considered as contraband, and as such, liable to confiscation, in the case where the depriving an enemy of these supplies, is one of the means intended to be employed for reducing him to reasonable terms of peace. The actual situation of France is notoriously such, as to lead to the employing this mode of distressing her by the joint operations of the different powers engaged in the war; and the reasoning which in these authors applies to *all* cases of this sort, is certainly much more applicable to the *present* case, in which the distress results from the unusual mode of war employed by the enemy himself, in having armed almost the whole laboring class of the French nation, for the purpose of *commencing* and supporting hostilities against all the governments of Europe; but this reasoning is most of all applicable to the circumstances of a trade, which is now in a great measure entirely carried on by the actually ruling party of France itself, and which is therefore no longer to be regarded as a mercantile speculation of individuals, but as an immediate operation of the very persons who have declared war, and are now carrying it on against Great Britain. On these considerations, therefore, the powers at war would have been perfectly justifiable if they had considered all provisions as contraband, and had directed them, as such, to be brought in for confiscation.

But the present measure pursued by His Majesty's Government, so far from going to the extent which the law of nations and the circumstances of the case would have warranted, only has prevented the French from being supplied with *corn*, omitting all mention of *other* provisions; and even with respect to corn, the regulation adopted is one which, instead of confiscating the cargoes, secures to the proprietors, supposing them neutral, a full indemnification for any loss they may possibly sustain.

With respect to the rule that has been adopted relative to ports blockaded, it is conformable to the general law and practice of all nations; and, the exception there mentioned, as to Denmark and Sweden, has reference to existing treaties with those powers, and can not therefore give any just grounds of umbrage or jealousy to other powers, between whom and Great Britain no such treaties subsist.

Before I conclude this letter, I deem it proper to express my hope that you, sir, will perceive, in the communication itself, of this paper, a proof of my willingness to furnish this Government with any intelligence that may be interesting to it, and thereby to anticipate the necessity of inquiries on the subject; and I can not avoid farther adding my conviction, that the explanation I have now given of this measure, will satisfactorily evince the propriety of recurring to it in the present instance.

I have the honor to be, &c.

GEO. HAMMOND.

Mr. JEFFERSON.

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6. Anglo-French Paper Blockades

i. Napoleon's Berlin Decree of November 21, 1806 [1]

Imperial Camp, Berlin, Nov. 21, 1806.

Napoleon, Emperor of the French and King of Italy, considering:

1. That England does not admit the right of nations as universally acknowledged by all civilized people;

2. That she declares as an enemy every individual belonging to an enemy state, and, in consequence, makes prisoners of war, not only the crews of *armed* vessels, but also of *merchant* vessels, and even the supercargoes of the same;

3. That she extends or applies to merchant vessels, to articles of commerce, and to the property of individuals, the right of conquest, which can only be applied or extended to what belongs to an enemy state;

4. That she extends to ports not fortified, to harbors and mouths of rivers, the right of *blockade*, which, according to reason and the usage of civilized nations, is applicable only to strong or fortified ports;

5. That she declares blockaded, places before which she has not a single vessel of war, although a place ought not to be considered blockaded but when it is so invested as that no approach to it can be made without imminent hazard; that she declares even places blockaded which her united forces would be incapable of doing, such as entire coasts, and a whole empire;

6. That this unequaled abuse of the right of blockade has no other object than to interrupt the communications of different nations, and to extend the commerce and industry of England upon the ruin of those of the continent;

7. That this being the evident design of England, whoever deals on the continent in English merchandise favors that design and becomes an accomplice;

8. That this conduct in England (worthy only of the first ages of barbarism,) has benefited her, to the detriment of other nations;

9. That it being right to oppose to an enemy the same arms she makes use of, to combat as she does, when all ideas of justice and every liberal sentiment (the result of civilization among men) are disregarded;

We have resolved to enforce against England the usages which she has consecrated in her maritime code.

The present decree shall be considered as the fundamental law of the Empire, until England has acknowledged that the *rights of war* are the same on land as at sea; that it can not be extended to any

[1] *American State Papers, Foreign Relations*, III, p. 289.

private property whatever, nor to persons who are not military, and until the right of blockade be restrained to fortified places, actually invested by competent forces.

ii. British Retaliatory Order in Council of January 7, 1807 [1]

Whereas the French Government has issued certain orders, which, in violation of the usages of war, purport to prohibit the commerce of all neutral nations with His Majesty's dominions, and also to prevent such nations from trading with any other country in any articles, the growth, produce, or manufacture of His Majesty's dominions; and whereas the said Government has also taken upon itself to declare all His Majesty's dominions to be in a state of blockade, at the time when the fleets of France and her allies are themselves confined within their own ports by the superior valor and discipline of the British navy; and whereas such attempts, on the part of the enemy, would give to His Majesty an unquestionable right of retaliation, and would warrant His Majesty in enforcing the same prohibition of all commerce with France, which that power vainly hopes to effect against the commerce of His Majesty's subjects, a prohibition which the superiority of His Majesty's naval forces might enable him to support by actually investing the ports and coasts of the enemy with numerous squadrons and cruisers, so as to make the entrance or approach thereto manifestly dangerous; and whereas His Majesty, though unwilling to follow the example of his enemies by proceeding to an extremity so distressing to all nations not engaged in the war, and carrying on their accustomed trade, yet feels himself bound, by due regard to the just defense of the rights and interests of his people not to suffer such measures to be taken by the enemy, without taking some steps on his part to restrain this violence, and to retort upon them the evils of their own injustice; His Majesty is thereupon pleased, by and with the advice of his privy council, to order, and it is hereby ordered, that no vessel shall be permitted to trade from one port to another, both which ports shall belong to or be in the possession of France or her allies, or shall be so far under their control as that British vessels may not trade freely thereat; and the commanders of His Majesty's ships of war and privateers shall be, and are hereby, instructed to warn every neutral vessel coming from any such port, and destined to another such port, to discontinue her voyage, and not to proceed to any such port; and any vessel, after being so warned, or any vessel coming from any such port, after a reasonable time shall have been afforded for receiving information of this His Majesty's order, which shall be found proceeding to another such port, shall be captured and brought in, and together

[1] *American State Papers, Foreign Relations*, III, p. 267.

with her cargo shall be condemned as lawful prize; and His Majesty's principal Secretaries of State, the Lords Commissioners of the Admiralty, and the Judges of the High Court of Admiralty, and the Courts of Vice-admiralty, are to take the necessary measures herein as to them shall respectively appertain.

iii. British Retaliatory Order in Council of November 11, 1807 [1]

Whereas certain orders, establishing an unprecedented system of warfare against this kingdom, and aimed especially at the destruction of its commerce and resources, were, some time since, issued by the Government of France, by which "the British islands were declared to be in a state of blockade," thereby subjecting to capture and condemnation all vessels, with their cargoes, which should continue to trade with His Majesty's dominions:

And whereas, by the same order, "all trading in English merchandise is prohibited, and every article of merchandise belonging to England, or coming from her colonies, or of her manufacture, is declared lawful prize:"

And whereas the nations in alliance with France, and under her control, were required to give, and have given, and do give, effect to such orders:

And whereas His Majesty's order of the 7th of January last has not answered the desired purpose, either of compelling the enemy to recall those orders, or of inducing neutral nations to interpose, with effect, to obtain their revocation, but, on the contrary, the same have been recently enforced with increased rigor:

And whereas His Majesty, under these circumstances, finds himself compelled to take further measures for asserting and vindicating his just rights, and for supporting that maritime power which the exertions and valor of his people have, under the blessings of Providence, enabled him to establish and maintain; and the maintenance of which is not more essential to the safety and prosperity of His Majesty's dominions, than it is to the protection of such states as still retain their independence, and to the general intercourse and happiness of mankind:

His Majesty is therefore pleased, by and with the advice of his privy council, to order, and it is hereby ordered, that all the ports and places of France and her allies, or of any other country at war with His Majesty, and all other ports or places in Europe, from which, although not at war with His Majesty, the British flag is excluded, and all ports or places in the colonies belonging to His Majesty's enemies, shall from henceforth, be subject to the same restrictions in point of trade and navigation, with the exceptions hereinafter mentioned, as if the same were

[1] *American State Papers, Foreign Relations*, III, p. 269.

actually blockaded by His Majesty's naval forces, in the most strict and rigorous manner: And it is hereby further ordered and declared, that all trade in articles which are of the produce or manufacture of the said countries or colonies, shall be deemed and considered to be unlawful; and that every vessel trading from or to the said countries or colonies, together with all goods and merchandise on board, and all articles of the produce or manufacture of the said countries or colonies, shall be captured and condemned as prize to the captors.

But although His Majesty would be fully justified, by the circumstances and considerations above recited, in establishing such system of restrictions with respect to all the countries and colonies of his enemies, without exception or qualification, yet His Majesty being, nevertheless, desirous not to subject neutrals to any greater inconvenience than is absolutely inseparable from the carrying into effect His Majesty's just determination to counteract the designs of his enemies, and to retort upon his enemies themselves the consequences of their own violence and injustice; and being yet willing to hope that it may be possible (consistently with that object) still to allow to neutrals the opportunity of furnishing themselves with colonial produce for their own consumption and supply, and even to leave open, for the present, such trade with His Majesty's enemies as shall be carried on directly with the ports of His Majesty's dominions, or of his allies, in the manner hereinafter mentioned:

His Majesty is, therefore, pleased further to order, and it is hereby ordered, that nothing herein contained shall extend to subject to capture or condemnation any vessel, or the cargo of any vessel, belonging to any country not declared by this order to be subjected to the restrictions incident to a state of blockade, which shall have cleared out with such cargo from some port or place of the country to which she belongs, either in Europe or America, or from some free port in His Majesty's colonies, under circumstances in which such trade, from such free ports, is permitted, direct to some port or place in the colonies of His Majesty's enemies, or from those colonies direct to the country to which such vessel belongs, or to some free port in His Majesty's colonies, in such cases, and with such articles, as it may be lawful to import into such free port; nor to any vessel, or the cargo of any vessel, belonging to any country not at war with His Majesty, which shall have cleared out under such regulations as His Majesty may think fit to prescribe, and shall be proceeding direct from some port or place in this kingdom, or from Gilbraltar, or Malta, or from any port belonging to His Majesty's allies, to the port specified in her clearance; nor to any vessel, or the cargo of any vessel, belonging to any country not at war with His Majesty, which shall be coming from any port or place in Europe which is declared by this order to be subject to the restrictions incident to a state of blockade, destined to some port or place in Europe belonging to His Majesty, and which shall be on her direct voyage thereto; but these exceptions are not

to be understood as exempting from capture or confiscation any vessel or goods which shall be liable thereto in respect of having entered or departed from any port or place actually blockaded by His Majesty's squadrons or ships of war, or for being enemy's property, or for any other cause than the contravention of the present order.

And the commanders of His Majesty's ships of war and privateers, and other vessels acting under His Majesty's commission, shall be, and are hereby, instructed to warn every vessel which shall have commenced her voyage prior to any notice of this order, and shall be destined to any port of France, or of her allies, or of any other country at war with His Majesty, or to any port or place from which the British flag, as aforesaid, is excluded, or to any colony belonging to His Majesty's enemies, and which shall not have cleared out as is hereinbefore allowed, to discontinue her voyage, and to proceed to some port or place in this kingdom, or to Gibraltar or Malta; and any vessel which, after having been so warned, or after a reasonable time shall have been afforded for the arrival of information of this His Majesty's order at any port or place from which she sailed, or which, after having notice of this order, shall be found in the prosecution of any voyage contrary to the restrictions contained in this order, shall be captured, and, together with her cargo, condemned as lawful prize to the captors.

And whereas countries not engaged in the war have acquiesced in these orders of France, prohibiting all trade in any articles the produce or manufacture of His Majesty's dominions; and the merchants of those countries have given countenance and effect to those prohibitions by accepting from persons, styling themselves commercial agents of the enemy, resident at neutral ports, certain documents, termed "certificates of origin," being certificates obtained at the ports of shipment, declaring that the articles of the cargo are not of the produce or manufacture of His Majesty's dominions, or to that effect:

And whereas this expedient has been directed by France, and submitted to by such merchants, as part of the new system of warfare directed against the trade of this kingdom, and as the most effectual instrument of accomplishing the same, and it is therefore essentially necessary to resist it:

His Majesty is therefore pleased, by and with the advice of his privy council, to order, and it is hereby ordered, that if any vessel, after reasonable time shall have been afforded for receiving notice of this His Majesty's order, at the port or place from which such vessel shall have cleared out, shall be found carrying any such certificate or document as aforesaid, or any document referring to or authenticating the same, such vessel shall be adjudged lawful prize to the captor, together with the goods laden therein, belonging to the person or persons by whom, or on whose behalf, any such document was put on board.

And the right honorable the Lords Commissioners of His Majesty's Treasury, His Majesty's principal Secretaries of State, the Lords Com-

missioners of the Admiralty, and the Judges of the High Court of Admiralty and Courts of Vice-admiralty, are to take the necessary measures herein as to them shall respectively appertain.

iv. Napoleon's Milan Decree of December 17, 1807 [1]

Napoleon, *Emperor of the French, King of Italy, and Protector of the Rhenish Confederation:*

Observing the measures adopted by the British Government, on the 11th November last by which vessels belonging to neutral, friendly, or even powers the allies of England, are made liable, not only to be searched by English cruisers, but to be compulsorily detained in England, and to have a tax laid on them of so much per cent. on the cargo, to be regulated by the British Legislature:

Observing that, by these acts, the British Government denationalizes ships of every nation in Europe; that it is not competent for any Government to detract from its own independence and rights, all the sovereigns of Europe having in trust the sovereignties and independence of the flag; that if, by an unpardonable weakness, and which in the eyes of posterity would be an indelible stain, if such a tyranny was allowed to be established into principles, and consecrated by usage, the English would avail themselves of it to assert it as a right, as they have availed themselves of the tolerance of Government to establish the infamous principle that the flag of a nation does not cover goods, and to have to their right of blockade an arbitrary extension, and which infringes on the sovereignty of every state; we have decreed and do decree as follows:

Art. 1. Every ship, to whatever nation it may belong, that shall have submitted to be searched by an English ship, or to a voyage to England, or shall have paid any tax whatsoever to the English Government, is thereby and for that alone declared to be denationalized, to have forfeited the protection of its King, and to have become English property.

Art. 2. Whether the ships thus denationalized by the arbitrary measures of the English Government enter into our ports, or those of our allies, or whether they fall into the hands of our ships of war, or of our privateers, they are declared to be good and lawful prize.

Art. 3. The British islands are declared to be in a state of blockade, both by land and sea. Every ship, of whatever nation, or whatsoever the nature of its cargo so may be, that sails from the ports of England, or those of the English colonies, and of the countries occupied by English troops, and proceeding to England, or to the English colonies, or to countries occupied by English troops, is good and lawful prize, as contrary to the present decree, and may be captured by our ships of war, or our privateers, and adjudged to the captor.

[1] *American State Papers, Foreign Relations*, III, p. 290.

Art. 4. These measures, which are resorted to only in just retaliation of the barbarous system adopted by England, which assimilates its legislation to that of Algiers, shall cease to have any effect with respect to all nations who shall have the firmness to compel the English Government to respect their flag. They shall continue to be rigorously in force as long as that Government does not return to the principle of the law of nations, which regulates the relations of civilized states in a state of war. The provisions of the present decree shall be abrogated and null, in fact, as soon as the English abide again by the principles of the law of nations, which are also the principles of justice and of honor.

All our ministers are charged with the execution of the present decree, which shall be inserted in the bulletin of the laws.

NAPOLEON.

By order of the Emperor.

H. B. MARET, *Secretary of State.*

7. American Policy as to Privateers

EXTRACT FROM PRESIDENT PIERCE'S ANNUAL MESSAGE TO CONGRESS, DECEMBER 4, 1854 [1]

Long experience has shown that, in general, when the principal powers of Europe are engaged in war the rights of neutral nations are endangered. This consideration led, in the progress of the War of our Independence, to the formation of the celebrated confederacy of armed neutrality, a primary object of which was to assert the doctrine that free ships make free goods, except in the case of articles contraband of war — a doctrine which from the very commencement of our national being has been a cherished idea of the statesmen of this country. At one period or another every maritime power has by some solemn treaty stipulation recognized that principle and it might have been hoped that it would come to be universally received and respected as a rule of international law. But the refusal of one power prevented this, and in the next great war which ensued — that of the French Revolution — it failed to be respected among the belligerent states of Europe. Notwithstanding this, the principle is generally admitted to be a sound and salutary one, so much so that at the commencement of the existing war in Europe Great Britain and France announced their purpose to observe it for the present; not, however, as a recognized international right, but as a mere concession for the time being. The cooperation, however, of these two powerful maritime nations in the interest of neutral rights appeared to me to afford an occasion inviting and justifying on the part of the United States a renewed effort to make the

[1] Richardson, *Messages and Papers of the Presidents*, Vol. II, p. 2808.

doctrine in question a principle of international law, by means of special conventions between the several powers of Europe and America. Accordingly, a proposition embracing not only the rule that free ships make free goods, except contraband articles, but also the less contested one that neutral property other than contraband, though on board enemy's ships, shall be exempt from confiscation, has been submitted by this Government to those of Europe and America.

Russia acted promptly in this matter, and a convention was concluded between that country and the United States providing for the observance of the principles announced, not only as between themselves, but also as between them and all other nations which shall enter into like stipulations. None of the other powers have as yet taken final action on the subject. I am not aware, however, that any objection to the proposed stipulations has been made, but, on the contrary, they are acknowledged to be essential to the security of neutral commerce, and the only apparent obstacle to their general adoption is in the possibility that it may be encumbered by inadmissible conditions.

The King of the Two Sicilies has expressed to our minister at Naples his readiness to concur in our proposition relative to neutral rights and to enter into a convention on that subject.

The King of Prussia entirely approves of the project of a treaty to the same effect submitted to him, but proposes an additional article providing for the renunciation of privateering. Such an article, for most obvious reasons, is much desired by nations having naval establishments large in proportion to their foreign commerce. If it were adopted as an international rule, the commerce of a nation having comparatively a small naval force would be very much at the mercy of its enemy in case of war with a power of decided naval superiority. The bare statement of the condition in which the United States would be placed, after having surrendered the right to resort to privateers, in the event of war with a belligerent of naval supremacy will show that this Government could never listen to such a proposition. The navy of the first maritime power in Europe is at least ten times as large as that of the United States. The foreign commerce of the two countries is nearly equal, and about equally exposed to hostile depredations. In war between that power and the United States, without resort on our part to our mercantile marine the means of our enemy to inflict injury upon our commerce would be tenfold greater than ours to retaliate. We could not extricate our country from this unequal condition, with such an enemy, unless we at once departed from our present peaceful policy and became a great naval power. Nor would this country be better situated in war with one of the secondary naval powers. Though the naval disparity would be less, the greater extent and more exposed condition of our widespread commerce would give any of them a like advantage over us.

The proposition to enter into engagements to forego a resort to privateers in case this country should be forced into war with a great naval power is not entitled to more favorable consideration than would be a proposition to agree not to accept the services of volunteers for operations on land. When the honor or the rights of our country require it to assume a hostile attitude, it confidently relies upon the patriotism of its citizens, not ordinarily devoted to the military profession, to augment the Army and the Navy so as to make them fully adequate to the emergency which calls them into action. The proposal to surrender the right to employ privateers is professedly founded upon the principle that private property of unoffending noncombatants, though enemies, should be exempt from the ravages of war; but the proposed surrender goes but little way in carrying out that principle, which equally requires that such private property should not be seized or molested by national ships of war. Should the leading powers of Europe concur in proposing as a rule of international law to exempt private property upon the ocean from seizure by public armed cruisers as well as by privateers, the United States would readily meet them upon that broad ground.

8. Declaration of Paris of April 16, 1856 [1]

Considering that maritime law, in time of war, has long been the subject of deplorable disputes;

That the uncertainty of the law and of the duties in such a matter, gives rise to differences of opinion between neutrals and belligerents which may occasion serious difficulties, and even conflicts;

That it is consequently advantageous to establish a uniform doctrine on so important a point;

That the plenipotentiaries assembled in congress at Paris can not better respond to the intentions by which their Governments are animated, than by seeking to introduce into international relations fixed principles in this respect;

The above-mentioned plenipotentiaries, being duly authorized, resolved to concert among themselves as to the means of attaining this object; and, having come to an agreement, have adopted the following solemn declaration:

1. Privateering is, and remains abolished.
2. The neutral flag covers enemy's goods, with the exception of contraband of war.
3. Neutral goods, with the exception of contraband of war, are not liable to capture under enemy's flag;
4. Blockades, in order to be binding, must be effective; that is to say, maintained by a force sufficient really to prevent access to the coast of the enemy.

[1] Moore, *Digest*, VII, p. 561–562.

The Governments of the undersigned plenipotentiaries engage to bring the present declaration to the knowledge of the states which have not taken part in the congress of Paris, and to invite them to accede to it.

Convinced that the maxims which they now proclaim can not but be received with gratitude by the whole world, the undersigned plenipotentiaries doubt not that the efforts of their Governments to obtain the general adoption thereof, will be crowned with full success.

The present declaration is not and shall not be binding, except between those powers who have acceded, or shall accede, to it.

Done at Paris, the 16th of April, 1856.

9. Rules of the Treaty of Washington, 1871 [1]

Art. VI. In deciding the matters submitted to the Arbitrators, they shall be governed by the following three rules, which are agreed upon by the high contracting parties as rules to be taken as applicable to the case, and by such principles of international law not inconsistent therewith as the Arbitrators shall determine to have been applicable to the case.

Rules

A neutral Government is bound —

First, to use due diligence to prevent the fitting out, arming, or equipping, within its jurisdiction, of any vessel which it has reasonable ground to believe is intended to cruise or to carry on war against a power with which it is at peace; and also to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted, in whole or in part, within such jurisdiction, to warlike use.

Secondly, not to permit or suffer either belligerent to make use of its ports or waters as the base of naval operations against the other, or for the purpose of the renewal or augmentation of military supplies or arms, or the recruitment of men.

Thirdly, to exercise due diligence in its own ports and waters, and, as to all persons within its jurisdiction, to prevent any violation of the foregoing obligations and duties.

Her Britannic Majesty has commanded her High Commissioners and Plenipotentiaries to declare that Her Majesty's Government can not assent to the foregoing rules as a statement of principles of international law which were in force at the time when the claims mentioned in Article I arose, but that Her Majesty's Government, in order to evince its desire of strengthening the friendly relations between the two countries and of making satisfactory provision for the future, agrees that in deciding the questions between the two countries arising out of those

[1] Malloy, *Treaties*, I, p. 703.

claims, the Arbitrators should assume that Her Majesty's Government had undertaken to act upon the principles set forth in these rules.

And the high contracting parties agree to observe these rules as between themselves in future, and to bring them to the knowledge of other maritime powers, and to invite them to accede to them.

10. Hague Convention of 1907 Concerning the Rights and Duties of Neutral Powers in Naval War [1]

Art. I. Belligerents are bound to respect the sovereign rights of neutral powers and to abstain, in neutral territory or neutral waters, from any act which would, if knowingly permitted by any power, constitute a violation of neutrality.

Art. II. Any act of hostility, including capture and the exercise of the right of search, committed by belligerent warships in the territorial waters of a neutral power, constitutes a violation of neutrality and is strictly forbidden.

Art. III. When a ship has been captured in the territorial waters of a neutral power, this power must employ, if the prize is still within its jurisdiction, the means at its disposal to release the prize with its officers and crew, and to intern the prize crew.

If the prize is not in the jurisdiction of the neutral power, the captor Government, on the demand of that power, must liberate the prize with its officers and crew.

Art. IV. A prize court can not be set up by a belligerent on neutral territory or on a vessel in neutral waters.

Art. V. Belligerents are forbidden to use neutral ports and waters as a base of naval operations against their adversaries, and in particular to erect wireless telegraphy stations or any apparatus for the purpose of communicating with the belligerent forces on land or sea.

Art. VI. The supply, in any manner, directly or indirectly, by a neutral power to a belligerent power, of warships, ammunition, or war material of any kind whatever, is forbidden.

Art. VII. A neutral power is not bound to prevent the export or transit, for the use of either belligerent, of arms, ammunitions, or, in general, of anything which could be of use to an army or fleet.

Art. VIII. A neutral Government is bound to employ the means at its disposal to prevent the fitting out or arming of any vessel within its jurisdiction which it has reason to believe is intended to cruise, or engage in hostile operations, against a power with which that Government is at peace. It is also bound to display the same vigilance to prevent the departure from its jurisdiction of any vessel intended to cruise, or engage in hostile operations, which had been adapted entirely or partly within the said jurisdiction for use in war.

[1] Malloy, *Treaties*, II, p. 2358.

Art. IX. A neutral power must apply impartially to the two belligerents the conditions, restrictions, or prohibitions made by it in regard to the admission into its ports, roadsteads, or territorial waters, of belligerent warships or of their prizes.

Nevertheless, a neutral power may forbid a belligerent vessel which has failed to conform to the orders and regulations made by it, or which has violated neutrality, to enter its ports or roadsteads.

Art. X. The neutrality of a power is not affected by the mere passage through its territorial waters of warships or prizes belonging to belligerents.

11. Hague Convention of 1907 Respecting the Rights and Duties of Neutral Powers and Persons in War on Land [1]

Art. I. The territory of neutral powers is inviolable.

Art. II. Belligerents are forbidden to move troops or convoys of either munitions of war or supplies across the territory of a neutral power.

Art. III. Belligerents are likewise forbidden to:

(*a*) Erect on the territory of a neutral power a wireless telegraphy station or other apparatus for the purpose of communicating with belligerent forces on land or sea;

(*b*) Use any installation of this kind established by them before the war on the territory of a neutral power for purely military purposes, and which has not been opened for the service of public messages.

Art. IV. Corps of combatants can not be formed nor recruiting agencies opened on the territory of a neutral power to assist the belligerents.

Art. V. A neutral power must not allow any of the acts referred to in Arts. II to IV to occur on its territory.

It is not called upon to punish acts in violation of its neutrality unless the said acts have been committed on its own territory.

Art. VI. The responsibility of a neutral power is not engaged by the fact of persons crossing the frontier separating to offer their services to one of the belligerents.

Art. VII. A neutral power is not called upon to prevent the export or transport, on behalf of one or other of the belligerents, of arms, munitions of war, or, in general, of anything which can be of use to an army or a fleet.

Art. VIII. A neutral power is not called upon to forbid or restrict the use on behalf of the belligerents of telegraph or telephone cables or of wireless telegraphy apparatus belonging to it or to Companies or private individuals.

[1] Malloy, *Treaties*, II, p. 2297.

Art. IX. Every measure of restriction or prohibition taken by a neutral power in regard to the matters referred to in Arts. VII and VIII must be impartially applied by it to both belligerents.

A neutral power must see to the same obligation being observed by companies or private individuals owning telegraph or telephone cables or wireless telegraphy apparatus.

Art. X. The fact of a neutral power resisting, even by force, attempts to violate its neutrality can not be regarded as a hostile act.

12. Declaration of London, signed February 6, 1909 [1]

Preliminary Provision

The signatory powers are agreed in declaring that the rules contained in the following chapters correspond in substance with the generally recognized principles of international law.

Chapter I. — *Blockade in Time of War*

Art. 1. A blockade must be limited to the ports and coasts belonging to or occupied by the enemy.

Art. 2. In accordance with the Declaration of Paris of 1856, a blockade, in order to be binding, must be effective — that is to say, it must be maintained by a force sufficient really to prevent access to the enemy coast.

Art. 3. The question whether a blockade is effective is a question of fact.

Art. 4. A blockade is not regarded as raised if the blockading forces are temporarily driven off by bad weather.

Art. 5. A blockade must be applied impartially to the ships of all nations.

. . . . . .

Art. 17. The seizure of neutral vessels for violation of blockade may be made only within the radius of action of the ships of war assigned to maintain an effective blockade.

Art. 18. The blockading forces must not bar access to the ports or to the coasts of neutrals.

Art. 19. Whatever may be the ulterior destination of the vessel or of her cargo, the evidence of violation of blockade is not sufficiently conclusive to authorize the seizure of the vessel if she is at the time bound toward an unblockaded port.

Art. 20. A vessel which in violation of blockade has left a blockaded port or has attempted to enter the port is liable to capture so long as

[1] Naval War College, *International Law Topics*, 1909, p. 169 ff.; *World Peace Foundation Pamphlets*, June, 1915, Appendix.

she is pursued by a ship of the blockading force. If the pursuit is abandoned, or if the blockade is raised, her capture can no longer be effected.

Art. 21. A vessel found guilty of violation of blockade is liable to condemnation. The cargo is also liable to condemnation, unless it is proved that at the time the goods were shipped the shipper neither knew nor could have known of the intention to violate the blockade.

Chapter II. — *Contraband of War*

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Art. 23. Articles and materials which are exclusively used for war may be added to the list of absolute contraband by means of a notified declaration. The notification is addressed to the Governments of other powers, or to their representatives accredited to the power which makes the declaration. A notification made after the opening of hostilities is addressed only to neutral powers.

. . . . . .

Art. 25. Articles and materials susceptible of use in war as well as for purposes of peace, and other than those enumerated in Arts. 22 and 24, may be added to the list of conditional contraband by means of a declaration, which must be notified in the manner provided for in the second paragraph of Art. 23.

Art. 26. If a power waives, so far as it is concerned, the right to regard as contraband of war articles and materials which are comprised in any of the classes enumerated in Arts. 22 and 24, it shall make known its intention by a declaration notified in the manner provided for in the second paragraph of Art. 23.

Art. 27. Articles and materials which are not susceptible of use in war are not to be declared contraband of war.

. . . . . .

Art. 30. Absolute contraband is liable to capture if it is shown to be destined to territory belonging to or occupied by the enemy, or to the armed forces of the enemy. It is immaterial whether the carriage of the goods is direct or entails either transhipment or transport over land.

Art. 31. Proof of the destination specified in Art. 30 is complete in the following cases:

1. When the goods are documented to be discharged in a port of the enemy, or to be delivered to his armed forces.

2. When the vessel is to call at enemy ports only, or when she is to touch at a port of the enemy or to join his armed forces, before arriving at the neutral port for which the goods are documented.

Art. 32. The ship's papers are complete proof of the voyage of a vessel transporting absolute contraband, unless the vessel is encountered having manifestly deviated from the route which she ought to follow

according to the ship's papers and being unable to justify by sufficient reason such deviation.

Art. 33. Conditional contraband is liable to capture if it is shown that it is destined for the use of the armed forces or of a government department of the enemy state, unless in this latter case the circumstances show that the articles can not in fact be used for the purposes of the war in progress. This latter exception does not apply to a consignment coming under Art. 24 (4).

Art. 34. There is presumption of the destination referred to in Art. 33 if the consignment is addressed to enemy authorities, or to a merchant established in the enemy country, and when it is well known that this merchant supplies articles and material of this kind to the enemy. The presumption is the same if the consignment is destined to a fortified place of the enemy, or to another place serving as a base for the armed forces of the enemy; this presumption, however, does not apply to the merchant vessel herself bound for one of these places and of which vessel it is sought to show the contraband character.

Failing the above presumptions, the destination is presumed innocent.

The presumptions laid down in this Article admit proof to the contrary.

Art. 35. Conditional contraband is not liable to capture, except when on board a vessel bound for territory belonging to or occupied by the enemy, or for the armed forces of the enemy, and when it is not to be discharged at an intervening neutral port.

The ship's papers are conclusive proof of the voyage of the vessel as also of the port of discharge of the goods, unless the vessel is encountered having manifestly deviated from the route which she ought to follow according to the ship's papers and being unable to justify by sufficient reason such deviation.

Art. 36. Notwithstanding the provisions of Art. 35, if the territory of the enemy has no seaboard, conditional contraband is liable to capture if it is shown that it has the destination referred to in Art. 33.

Art. 37. A vessel carrying articles liable to capture as absolute or conditional contraband may be captured on the high seas or in the territorial waters of the belligerents throughout the whole course of her voyage, even if she has the intention to touch at a port of call before reaching the hostile destination.

Art. 38. A capture is not to be made on the ground of a carriage of contraband previously accomplished and at the time completed.

Art. 39. Contraband is liable to condemnation.

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13. Convention on Maritime Neutrality signed at the Sixth International Conference of American States, Havana, Cuba, February 20, 1928

. . . . . .

Considering that when a war occurs between two or more states the others may, in the interests of peace, offer their good offices or their mediation to put an end to the conflict, without such action being construed as an unfriendly act;

Convinced that if this objective can not be attained the neutral states are equally interested in seeing that their rights are respected by the belligerents;

Considering that neutrality is the juridical situation of states that do not take part in hostilities and that it creates rights and imposes obligations of impartiality which should be regulated;

Recognizing that international solidarity demands that the freedom of commerce be always respected, avoiding, as far as possible, unnecessary burdens to neutrals;

It being convenient that as long as this objective is not fully attained those burdens be reduced to a minimum; and

Hoping that it may be possible to regulate the matter in such a manner that all the interests affected may have all the guaranties desired.

. . . . . .

Sect. III. Rights and Duties of Neutrals

Art. 15. Among the acts of assistance emanating from the neutral states and the acts of commerce effected by individuals, only the former are contrary to neutrality.

Art. 16. The neutral state is forbidden:

(*a*) To deliver to the belligerent, directly or indirectly, and for any reason whatever, warships, munitions or any war material.

(*b*) To make loans or to grant credit to a belligerent during the war.

Credits granted by a neutral state to facilitate the sale or exportation of its food products or raw materials are excepted from this prohibition.

. . . . . .

Art. 22. Neutral states are not obligated to prevent the exportation or transit, at the expense of any one of the belligerents, of arms, munitions, and in general everything that may be useful to its military forces.

Transit should be permitted when two American nations being at war, one of the belligerents is a Mediterranean country which has no other manner of provisioning itself, always provided that this does not affect the vital interests of the country of whom transit is requested.

Art. 23. Neutral states shall not oppose the voluntary departure of the nationals of the belligerent states, even if they leave in great num-

bers at one time; but they may oppose the voluntary departure of such of their own nationals as are going to enlist with the armed forces.

Art. 24. The use by the belligerents of the means of communication of the neutral states, or which cross or touch their territory, is subject to the measures dictated by the local authorities.

. . . . . .

Art. 26. The neutral states are obligated to exercise all the necessary vigilance permitted by the means at their command in order to prevent in their ports or jurisdictional waters any violation of the preceding provisions.

Section IV. The Fulfillment and Observance of the Laws of Neutrality

Art. 27. The belligerent who violates the preceding provisions shall indemnify for the damage caused and shall also answer for the acts of persons forming part of its armed force.

Art. 28. The present convention does not affect prior obligations contracted by the parties by virtue of international agreements.

APPENDIX II

DOCUMENTS ILLUSTRATING THE CONFLICT OF NEUTRALS AND BELLIGERENTS IN THE WORLD WAR

1. Modification of Declaration of London [1]

ORDER IN COUNCIL

October 29, 1914. No. 1614

Whereas by an Order in Council dated the 20th of August, 1914, His Majesty was pleased to declare that during the present hostilities the convention known as the Declaration of London should, subject to certain additions and modifications therein specified, be adopted and put in force by His Majesty's Government; and

Whereas the said additions and modifications were rendered necessary by the special conditions of the present war; and

Whereas it is desirable and possible now to reenact the said Order in Council with amendments in order to minimize, so far as possible, the interference with innocent neutral trade occasioned by the war:

Now, therefore, His Majesty, by and with the advice of His Privy Council, is pleased to order, and it is hereby ordered, as follows:

1. During the present hostilities the provisions of the convention known as the Declaration of London shall, subject to the exclusion of the lists of contraband and noncontraband, and to the modifications hereinafter set out, be adopted and put in force by His Majesty's Government.

The modifications are as follows:

(i) A neutral vessel, with papers, indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.

(ii) The destination referred to in Art. 33 of the said Declaration shall (in addition to the presumptions laid down in Art. 34) be presumed to exist if the goods are consigned to or for an agent of the enemy state.

(iii) Notwithstanding the provisions of Art. 35 of the said Declaration, conditional contraband shall be liable to capture on board a vessel

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 14.

bound for a neutral port if the goods are consigned "to order," or if the ship's papers do not show who is the consignee of the goods, or if they show a consignee of the goods in territory belonging to or occupied by the enemy.

(iv) In the cases covered by the preceding paragraph (iii) it shall lie upon the owners of the goods to prove that their destination was innocent.

2. Where it is shown to the satisfaction of one of His Majesty's Principal Secretaries of State that the enemy Government is drawing supplies for its armed forces from or through a neutral country, he may direct that in respect of ships bound for a port in that country, Art. 35 of the said Declaration shall not apply. Such direction shall be notified in the "London Gazette" and shall operate until the same is withdrawn. So long as such direction is in force, a vessel which is carrying conditional contraband to a port in that country shall not be immune from capture.

3. The Order in Council of the 20th August, 1914, directing the adoption and enforcement during the present hostilities of the convention known as the Declaration of London, subject to the additions and modifications therein specified, is hereby repealed.

4. This Order may be cited as "the Declaration of London Order in Council, No. 2, 1914."

2. Maritime War Zone

i. Proclamation of the German Admiralty, February 4, 1915 [1]

1. The waters surrounding Great Britain and Ireland including the whole English Channel are hereby declared to be war zone. On and after the 18th of February, 1915, every enemy merchant ship found in the said war zone will be destroyed without its being always possible to avert the dangers threatening the crews and passengers on that account.

2. Even neutral ships are exposed to danger in the war zone as in view of the misuse of neutral flags ordered on January 31 by the British Government and of the accidents of naval war, it can not always be avoided to strike even neutral ships in attacks that are directed at enemy ships.

3. Northward navigation around the Shetland Islands, in the eastern waters of the North Sea and in a strip of not less than 30 miles width along the Netherlands coast is in no danger.

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 83; *World Peace Foundation Pamphlets*, August, 1915, p. 32.

ii. British Order in Council of March 11, 1915 [1]

Whereas the German Government has issued certain orders which, in violation of the usages of war, purport to declare the waters surrounding the United Kingdom a military area, in which all British and allied merchant vessels will be destroyed, irrespective of the safety of the lives of passengers and crew, and in which neutral shipping will be exposed to similar danger in view of the uncertainties of naval warfare; and

Whereas in a memorandum accompanying the said orders neutrals are warned against intrusting crews, passengers, or goods to British or allied ships;

Whereas such attempts on the part of the enemy give to His Majesty an unquestionable right of retaliation;

And whereas His Majesty has therefore decided to adopt further measures in order to prevent commodities of any kind from reaching or leaving Germany, though such measures will be enforced without risk to neutral ships or to neutral or noncombatant life and in strict observance of the dictates of humanity;

And whereas the allies of His Majesty are associated with him in the steps now to be announced for restricting further the commerce of Germany;

His Majesty is therefore pleased, by and with the advice of his privy council, to order and it is hereby ordered as follows:

1. No merchant vessel which sailed from her port of departure after the first of March, 1915, shall be allowed to proceed on her voyage to any German port.

Unless the vessel receives a pass enabling her to proceed to some neutral or allied port to be named in the pass, goods on board any such vessel must be discharged in a British port and placed in the custody of the marshal of the prize court. Goods so discharged, not being contraband of war, shall, if not requisitioned for the use of His Majesty, be restored by order of the court, upon such terms as the court may in the circumstances deem to be just, to the person entitled thereto.

2. No merchant vessel which sailed from any German port after the first of March, 1915, shall be allowed to proceed on her voyage with any goods on board laden at such port.

All goods laden at such port must be discharged in a British or allied port. Goods so discharged in a British port shall be placed in the custody of the marshal of the prize court, and, if not requisitioned for the use of His Majesty, shall be detained or sold under the direction of the prize court. The proceeds of goods so sold shall be paid

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 110; *World Peace Foundation Pamphlets*, August, 1915, p. 60.

into court and dealt with in such manner as the court may in the circumstances deem to be just.

Provided, that no proceeds of the sale of such goods shall be paid out of court until the conclusion of peace, except on the application of the proper officer of the Crown, unless it be shown that the goods had become neutral property before the issue of this order.

Provided also, that nothing herein shall prevent the release of neutral property laden at such enemy port on the application of the proper officer of the Crown.

3. Every merchant vessel which sailed from her port of departure after the first of March, 1915, on her way to a port other than a German port, carrying goods with an enemy destination, or which are enemy property, may be required to discharge such goods in a British or allied port. Any goods so discharged in a British port shall be placed in the custody of the marshal of the prize court, and, unless they are contraband of war, shall, if not requisitioned for the use of His Majesty, be restored by order of the court, upon such terms as the court may in the circumstances deem to be just to the person entitled thereto.

Provided, that this article shall not apply in any case falling within Arts. 2 or 4 of this order.

4. Every merchant vessel which sailed from a port other than a German port after the first of March, 1915, having on board goods which are of enemy origin or are enemy property may be required to discharge such goods in a British or allied port. Goods so discharged in a British port shall be placed in the custody of the marshal of the prize court, and if not requisitioned for the use of His Majesty shall be detained or sold under the direction of the prize court. The proceeds of goods so sold shall be paid into court and dealt with in such manner as the court may in the circumstances deem to be just.

Provided, that no proceeds of sale of such goods shall be paid out of court until the conclusion of peace except on the application of the proper officer of the Crown, unless it be shown that the goods had become neutral property before the issue of this order.

Provided also, that nothing herein shall prevent the release of neutral property of enemy origin on the application of the proper officer of the Crown.

5. Any person claiming to be interested in, or to have any claim in respect of, any goods (not being contraband of war) placed in the custody of the marshal of the prize court under this order, or in the proceeds of such goods, may forthwith issue a writ in the prize court against the proper officer of the Crown and apply for an order that the goods should be restored to him, or that their proceeds should be paid to him, or for such other order as the circumstances of the case may require.

The practice and procedure of the prize court shall, so far as applicable, be followed *mutatis mutandis* in any proceedings consequential upon this order.

6. A merchant vessel which has cleared for a neutral port from a British or allied port, or which has been allowed to pass, having an ostensible destination to a neutral port, and proceeds to an enemy port, shall, if captured on any subsequent voyage, be liable to condemnation.

7. Nothing in this order shall be deemed to affect the liability of any vessel or goods to capture or condemnation independently of this order.

8. Nothing in this order shall prevent the relaxation of the provisions of this order in respect of the merchant vessels of any country which declares that no commerce intended for or originating in Germany or belonging to German subjects shall enjoy the protection of its flag.

iii. German Declaration of War Zone, January 31, 1917[1]

From February 1, 1917, within barred zones around Great Britain, France, Italy, and in the eastern Mediterranean, as outlined in the following, all sea traffic forthwith will be opposed. Such barred zones are:

In the North Sea, the district around England and France, which is limited by a line 20 nautical miles; the district along the Dutch coast as far as the Terschelling Lightship, the degree of longitude of the Terschelling Lightship to Udsir; a line from there across the point 62° north latitude, 5° longitude, westward along 62° to a point 3 nautical miles south of the south point of the Faroe Islands, from there across the point 62° north, 10° west, to 61° north, 15° west; then 57° north, 20° west, to 47° north, 20° west; further, to 43° north, 15° west; then on degree latitude 43° north to the point 20 nautical miles from Cape Finisterre and 20 nautical miles distance along the Spanish north coast as far as the French frontier.

Concerning the south, in the Mediterranean: For neutral shipping there remains open the sea district west of a line from Pt. de les Paquett to 38° 20′ north and 6° east, as well as north and west of a zone 60 sea miles broad along the North African coast, beginning on (2°) west longitude.

In order to connect this sea district with Greece, the zone leads 20 sea miles in width north and east, following line: 38° north and 6° east, 38° north and 10° east, 37° north and 11° 30′ east, to 34° north and 11° 30′ east to 34° north and 22° 30′ east. From there it leads to

[1] Naval War College. *International Law Documents . . . 1917*, p. 110. Following this declaration, the United States severed diplomatic relations with Germany, later becoming a belligerent.

a zone 20 sea miles broad west of 22° 30′ east longitude into Greek territorial waters.

Neutral ships plying within the barred zones do so at their own risk. Although precautions are being taken to spare neutral ships which on February 1 are on the way to ports in the barred zone, during an appropriate delay, yet it is urgently to be advised that they should be warned and directed to other routes by all means available.

Neutral ships lying in ports of the barred zones can with the same safety abandon the barred zones if they sail before February 5 and take the shortest route into the open district.

The instructions given to the commanders of German submarines provide for a sufficiently long period during which the safety of passengers on unarmed enemy passenger ships is guaranteed. Americans en route to the blockaded zone on enemy freight steamers are not endangered, as the enemy shipping firms can prevent such ships in time from entering the zone.

Traffic of regular American passenger steamers can go on unmolested if —

A. Falmouth is taken as the port of destination; and if,

B. On the going and return journey the Scilly Islands, as well as the point 50° north, 20° west, be steered on. Along this route no German mines will be laid.

C. If steamers on this journey bear the following special signals, which only they will be permitted to display in American ports: A coating of paint on the ship's hull and the superstructure in vertical stripes 3 meters broad, alternating white and red; on every mast a large flag checkered white and red, on the stern the American national flag; during darkness the national flag and the coat of paint to be as easily recognizable as possible from a distance; and the ships must be completely and brightly illuminated.

D. If only one steamer runs each week in each direction arriving at Falmouth on Sundays, leaving Falmouth on Wednesdays.

E. If guaranties and assurances are given by the American Government that these steamers carry no contraband (according to the German list of contraband).

iv. British Order in Council of February 16, 1917 [1]

Whereas by an Order in Council dated the 11th day of March, 1915, His Majesty was pleased to direct certain measures to be taken against the commerce of the enemy;

And whereas the German Government has now issued a memorandum declaring that from the 1st February, 1917, all sea traffic will be prevented in certain zones therein described adjacent to Great Britain and

[1] 111 *British and Foreign State Papers*, p. 14.

France and Italy, and that neutral ships will navigate the said zones at their own risk;

And whereas similar directions have been given by other enemy powers;

And whereas the orders embodied in the said memorandum are in flagrant contradiction with the rules of international law, the dictates of humanity, and the treaty obligations of the enemy;

And whereas such proceedings on the part of the enemy render it necessary for His Majesty to adopt further measures in order to maintain the efficiency of those previously taken to prevent commodities of any kind from reaching or leaving the enemy countries, and for this purpose to subject to capture and condemnation vessels carrying goods with an enemy destination or of enemy origin unless they afford unto the forces of His Majesty and his Allies ample opportunities of examining their cargoes, and also to subject such goods to condemnation;

His Majesty is therefore pleased, by and with the advice of his Privy Council, to order, and it is hereby ordered, that the following directions shall be observed in respect of all vessels which sail from their port of departure after the date of this Order: —

1. A vessel which is encountered at sea on her way to or from a port in any neutral country affording means of access to the enemy territory without calling at a port in British or Allied territory shall, until the contrary is established, be deemed to be carrying goods with an enemy destination, or of enemy origin, and shall be brought in for examination, and, if necessary, for adjudication before the Prize Court.

2. Any vessel carrying goods with an enemy destination, or of enemy origin, shall be liable to capture and condemnation in respect of the carriage of such goods; provided that, in the case of any vessel which calls at an appointed British or Allied port for the examination of her cargo, no sentence of condemnation shall be pronounced in respect only of the carriage of goods of enemy origin or destination, and no such presumption as is laid down in Art. 1 shall arise.

3. Goods which are found on the examination of any vessel to be goods of enemy origin or of enemy destination shall be liable to condemnation.

4. Nothing in this Order shall be deemed to affect the liability of any vessel or goods to capture or condemnation independently of this Order.

5. This Order is supplemental to the Orders in Council of the 11th day of March, 1915, and the 10th day of January, 1917, for restricting the commerce of the enemy.

3. American Contentions as to Continuous Voyage

i. Extract from Note from the British Secretary of State for Foreign Affairs to Ambassador W. H. Page, February 10, 1915.[1]

Another circumstance which is now coming to light is that an elaborate machinery has been organized by the enemy for the supply of foodstuffs for the use of the German army from overseas. Under these circumstances it would be absurd to give any definite pledge that in cases where the supplies can be proved to be for the use of the enemy forces they should be given complete immunity by the simple expedient of dispatching them to an agent in a neutral port.

The reason for drawing a distinction between foodstuffs intended for the civil population and those for the armed forces or enemy Government disappears when the distinction between the civil population and the armed forces itself disappears.

In any country in which there exists such a tremendous organization for war as now obtains in Germany there is no clear division between those whom the Government is responsible for feeding and those whom it is not. Experience shows that the power to requisition will be used to the fullest extent in order to make sure that the wants of the military are supplied, and however much goods may be imported for civil use it is by the military that they will be consumed if military exigencies require it, especially now that the German Government have taken control of all the foodstuffs in the country.

I do not wish to overburden this note with statistics, but in proof of my statement as to the unprecedented extent to which supplies are reaching neutral ports I should like to instance the figures of the exports of certain meat products to Denmark during the months of September and October. Denmark is a country which in normal times imports a certain quantity of such products, but exports still more. In 1913, during the above two months, the United States exports of lard to Denmark were nil, as compared with 22,652,598 pounds in the same two months of 1914. The corresponding figures with regard to bacon were: 1913, nil; 1914, 1,022,195 pounds; canned beef, 1913, nil; 1914, 151,200 pounds; pickled and cured beef, 1913, 42,901 pounds; 1914, 156,143 pounds; pickled pork, 1913, nil; 1914, 812,872 pounds.

In the same two months the United States exported to Denmark 280,176 gallons of mineral lubricating oil in 1914 as compared with 179,952 in 1913; to Norway, 335,468 gallons in 1914, as against 151,179 gallons in 1913; to Sweden, 896,193 gallons in 1914, as against 385,476 gallons in 1913.

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 80; *World Peace Foundation Pamphlets*, August, 1915, p. 113.

ii. Extract from Note from the German Minister for Foreign Affairs to Ambassador Gerard, February 16, 1915 [1]

The German Government have given due recognition to the fact that as a matter of form the exercise of rights and the toleration of wrong on the part of neutrals is limited by their pleasure alone and involves no formal breach of neutrality. The German Government have not in consequence made any charge of formal breach of neutrality. The German Government can not, however, do otherwise, especially in the interest of absolute clearness in the relations between the two countries, than to emphasize that they, in common with the public opinion in Germany, feel themselves placed at a great disadvantage through the fact that the neutral powers have hitherto achieved no success or only an unmeaning success in their assertion of the right to trade with Germany, acknowledged to be legitimate by international law, whereas they make unlimited use of their right to tolerate trade in contraband with England and our other enemies. Conceded that it is the formal right of neutrals not to protect their legitimate trade with Germany and even to allow themselves knowingly and willingly to be induced by England to restrict such trade, it is on the other hand not less their good right, although unfortunately not exercised, to stop trade in contraband, especially the trade in arms, with Germany's enemies.

In view of this situation the German Government see themselves compelled, after six months of patience and watchful waiting, to meet England's murderous method of conducting maritime war with drastic counter measures. If England invokes the powers of famine as an ally in its struggles against Germany with the intention of leaving a civilized people the alternative of perishing in misery or submitting to the yoke of England's political and commercial will, the German Government are to-day determined to take up the gauntlet and to appeal to the same grim ally. They rely on the neutrals who have hitherto tacitly or under protest submitted to the consequences, detrimental to themselves, of England's war of famine to display not less tolerance toward Germany, even if the German measures constitute new forms of maritime war, as has hitherto been the case with the English measures.

In addition to this, the German Government are determined to suppress with all the means at their disposal the supply of war material to England and her allies and assume at the same time that it is a matter of course that the neutral Governments which have hitherto undertaken no action against the trade in arms which Germany's enemies do not intend to oppose the forcible suppression of this trade by Germany.

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 90, 92; *World Peace Foundation Pamphlets*, August, 1915, p. 42.

Proceeding from these points of view the German Admiralty has declared the zone prescribed by it the seat of war; it will obstruct this area of maritime war by mines wherever possible and also endeavor to destroy the merchant vessels of the enemy in any other way.

It is very far indeed from the intention of the German Government, acting in obedience to these compelling circumstances, ever to destroy neutral lives and neutral property, but on the other hand they can not be blind to the fact that dangers arise through the action to be carried out against England which menace without discrimination all trade within the area of maritime war. This applies as a matter of course to war mines, which place any ship approaching a mined area in danger, even if the limits of international law are adhered to most strictly.

The German Government believe that they are all the more justified in the hope that the neutral powers will become reconciled with this, just as they have with the serious injury caused them thus far by England's measures, because it is their will to do everything in any way compatible with the accomplishment of their purpose for the protection of neutral shipping even within the area of maritime war.

iii. Instruction from the Secretary of State to Ambassador W. H. Page, March 30, 1915 [1]

The Secretary of State to Ambassador W. H. Page

[Telegram.]

[No. 1343.]

Department of State,
Washington, March 30, 1915.

You are instructed to deliver the following to His Majesty's Government in reply to your numbers 1795 and 1798 of March 15:

The Government of the United States has given careful consideration to the subjects treated in the British notes of March 13 and March 15, and to the British Order in Council of the latter date.

These communications contain matters of grave importance to neutral nations. They appear to menace their rights of trade and intercourse not only with belligerents but also with one another. They call for frank comment in order that misunderstandings may be avoided. The Government of the United States deems it its duty, therefore, speaking in the sincerest spirit of friendship, to make its own view and position with regard to them unmistakably clear.

The Order in Council of the 15th of March would constitute, were its provisions to be actually carried into effect as they stand, a practical assertion of unlimited belligerent rights over neutral commerce within

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 116; *World Peace Foundation Pamphlets*, August, 1915, p. 68.

the whole European area, and an almost unqualified denial of the sovereign rights of the nations now at peace.

This Government takes it for granted that there can be no question what those rights are. A nation's sovereignty over its own ships and citizens under its own flag on the high seas in time of peace is, of course, unlimited; and that sovereignty suffers no diminution in time of war, except in so far as the practice and consent of civilized nations has limited it by the recognition of certain now clearly determined rights, which it is conceded may be exercised by nations which are at war.

A belligerent nation has been conceded the right of visit and search, and the right of capture and condemnation, if upon examination a neutral vessel is found to be engaged in unneutral service or to be carrying contraband of war intended for the enemy's government or armed forces. It has been conceded the right to establish and maintain a blockade of an enemy's ports and coasts and to capture and condemn any vessel taken in trying to break the blockade. It is even conceded the right to detain and take to its own ports for judicial examination all vessels which it suspects for substantial reasons to be engaged in unneutral or contraband service and to condemn them if the suspicion is sustained. But such rights, long clearly defined both in doctrine and practice, have hitherto been held to be the only permissible exceptions to the principle of universal equality of sovereignty on the high seas as between belligerents and nations not engaged in war.

It is confidently assumed that His Majesty's Government will not deny that it is a rule sanctioned by general practice that, even though a blockade should exist and the doctrine of contraband as to unblockaded territory be rigidly enforced, innocent shipments may be freely transported to and from the United States through neutral countries to belligerent territory without being subject to the penalties of contraband traffic or breach of blockade, much less to detention, requisition, or confiscation.

Moreover the rules of the Declaration of Paris of 1856 — among them that free ships make free goods — will hardly at this day be disputed by the signatories of that solemn agreement.

His Majesty's Government, like the Government of the United States, have often and explicitly held that these rights represent the best usage of warfare in the dealings of belligerents with neutrals at sea. In this connection I desire to direct attention to the opinion of the Chief Justice of the United States in the case of the *Peterhof*, which arose out of the Civil War, and to the fact that that opinion was unanimously sustained in the award of the Arbitration Commission of 1871, to which the case was presented at the request of Great Britain. From that time to the Declaration of London of 1909, adopted with modifications by the Order in Council of the 23d of October last, these rights have not been seriously questioned by the British Government. And no claim on the part of Great Britain of

any justification for interfering with these clear rights of the United States and its citizens as neutrals could be admitted. To admit it would be to assume an attitude of unneutrality toward the present enemies of Great Britain which would be obviously inconsistent with the solemn obligations of this Government in the present circumstances; and for Great Britain to make such a claim would be for her to abandon and set at naught the principles for which she has consistently and earnestly contended in other times and circumstances.

The note of His Majesty's Principal Secretary of State for Foreign Affairs which accompanies the Order in Council, and which bears the same date, notifies the Government of the United States of the establishment of a blockade which is, if defined by the terms of the Order in Council, to include all the coasts and ports of Germany and every port of possible access to enemy territory. But the novel and quite unprecedented feature of that blockade, if we are to assume it to be properly so defined, is that it embraces many neutral ports and coasts, bars access to them, and subjects all neutral ships seeking to approach them to the same suspicion that would attach to them were they bound for the ports of the enemies of Great Britain, and to unusual risks and penalties.

It is manifest that such limitations, risks, and liabilities placed upon the ships of a neutral power on the high seas, beyond the right of visit and search and the right to prevent the shipment of contraband already referred to, are a distinct invasion of the sovereign rights of the nation whose ships, trade, or commerce is interfered with.

The Government of the United States is, of course, not oblivious to the great changes which have occurred in the conditions and means of naval warfare since the rules hitherto governing legal blockade were formulated. It might be ready to admit that the old form of "close" blockade with its cordon of ships in the immediate offing of the blockaded ports is no longer practicable in face of an enemy possessing the means and opportunity to make an effective defense by the use of submarines, mines, and air craft; but it can hardly be maintained that, whatever form of effective blockade may be made use of, it is impossible to conform at least to the spirit and principles of the established rules of war. If the necessities of the case should seem to render it imperative that the cordon of blockading vessels be extended across the approaches to any neighboring neutral port or country, it would seem clear that it would still be easily practicable to comply with the well-recognized and reasonable prohibition of international law against the blockading of neutral ports by according free admission and exit to all lawful traffic with neutral ports through the blockading cordon. This traffic would of course include all outward-bound traffic from the neutral country and all inward-bound traffic to the neutral country except contraband in transit to the enemy. Such procedure need not conflict in any respect with the rights of the belligerent maintain-

ing the blockade since the right would remain with the blockading vessels to visit and search all ships either entering or leaving the neutral territory which they were in fact, but not of right, investing.

The Government of the United States notes that in the Order in Council His Majesty's Government give as their reason for entering upon a course of action, which they are aware is without precedent in modern warfare, the necessity they conceive themselves to have been placed under to retaliate upon their enemies for measures of a similar nature which the latter have announced it their intention to adopt and which they have to some extent adopted; but the Government of the United States, recalling the principles upon which His Majesty's Government have hitherto been scrupulous to act, interprets this as merely a reason for certain extraordinary activities on the part of His Majesty's naval forces and not as an excuse for or prelude to any unlawful action. If the course pursued by the present enemies of Great Britain should prove to be in fact tainted by illegality and disregard of the principles of war sanctioned by enlightened nations, it can not be supposed, and this Government does not for a moment suppose, that His Majesty's Government would wish the same taint to attach to their own actions or would cite such illegal acts as in any sense or degree a justification for similar practices on their part in so far as they affect neutral rights.

. . . . . .

In view of these assurances formally given to this Government, it is confidently expected that the extensive powers conferred by the Order in Council on the executive officers of the Crown will be restricted by "orders issued by the Government" directing the exercise of their discretionary powers in such a manner as to modify in practical application those provisions of the Order in Council which, if strictly enforced, would violate neutral rights and interrupt legitimate trade. Relying on the faithful performance of these voluntary assurances by His Majesty's Government the United States takes it for granted that the approach of American merchantmen to neutral ports situated upon the long line of coast affected by the Order in Council will not be interfered with when it is known that they do not carry goods which are contraband of war or goods destined to or proceeding from ports within the belligerent territory affected.

The Government of the United States assumes with the greatest confidence that His Majesty's Government will thus adjust their practice to the recognized rules of international law, because it is manifest that the British Government have adopted an extraordinary method of "stopping cargoes destined for or coming from the enemy's territory," which, owing to the existence of unusual conditions in modern warfare at sea, it will be difficult to restrict to the limits which have been heretofore required by the law of nations. Though the area of operations is confined to "European waters including the Mediterranean," so great

an area of the high seas is covered and the cordon of ships is so distant from the territory affected that neutral vessels must necessarily pass through the blockading force in order to reach important neutral ports which Great Britain as a belligerent has not the legal right to blockade and which, therefore, it is presumed she has no intention of claiming to blockade. The Scandinavian and Danish ports, for example, are open to American trade. They are also free, so far as the actual enforcement of the Order in Council is concerned, to carry on trade with German Baltic ports although it is an essential element of blockade that it bear with equal severity upon all neutrals.

This Government, therefore, infers that the commanders of His Majesty's ships of war engaged in maintaining the so-called blockade will be instructed to avoid an enforcement of the proposed measures of nonintercourse in such a way as to impose restrictions upon neutral trade more burdensome than those which have been regarded as inevitable when the ports of a belligerent are actually blockaded by the ships of its enemy.

The possibilities of serious interruption of American trade under the Order in Council are so many, and the methods proposed are so unusual and seem liable to constitute so great an impediment and embarrassment to neutral commerce that the Government of the United States, if the Order in Council is strictly enforced, apprehends many interferences with its legitimate trade which will impose upon His Majesty's Government heavy responsibilities for acts of the British authorities clearly subversive of the rights of neutral nations on the high seas. It is, therefore, expected that His Majesty's Government, having considered these possibilities will take the steps necessary to avoid them, and, in the event that they should unhappily occur, will be prepared to make full reparation for every act which under the rules of international law constitutes a violation of neutral rights.

As stated in its communication of October 22, 1914, "this Government will insist that the rights and duties of the United States and its citizens in the present war be defined by the existing rules of international law and the treaties of the United States, irrespective of the provisions of the Declaration of London, and that this Government reserves to itself the right to enter a protest or demand in each case in which those rights and duties so defined are violated or their free exercise interfered with, by the authorities of the British Government."

. . . . . .

BRYAN.

iv. Note from Sir Edward Grey to the Secretary of State, July 23, 1915 [1]

3. I need scarcely dwell on the obligation incumbent upon the Allies to take every step in their power to overcome their common enemy in view of the shocking violation of the recognized rules and principles of civilized warfare of which he has been guilty during the present struggle. Your Excellency's attention has already been drawn to some of these proceedings in the memorandum which I handed to you on the 19th February. Since that time Lord Bryce's report, based on evidence carefully sifted by legal experts, describing the atrocities committed in Belgium, the poisoning of wells in German Southwest Africa, the use of poisonous gases against the troops in Flanders, and finally the sinking of the *Lusitania* without any opportunity to passengers and noncombatants to save their lives, have shown how indispensable it is that we should leave unused no justifiable method of defending ourselves.

4. Your Excellency will remember that in my notes of the 13th and 15th March I explained that the Allied Governments intended to meet the German attempt to stop all supplies of every kind from leaving or entering British or French ports by themselves intercepting goods going to or from Germany. I read the communication from Your Excellency's Government not as questioning the necessity for our taking all the steps open to us to cripple the enemy's trade, but as directed solely to the question of the legitimacy of the particular measures adopted.

5. In the various notes which I have received from Your Excellency the right of a belligerent to establish a blockade of the enemy ports is admitted a right which has obviously no value save in so far as it gives power to a belligerent to cut off sea-borne exports and imports of his enemy. The contention which I understand the United States Government now put forward is that if a belligerent is so circumstanced that his commerce can pass through adjacent neutral ports as easily as through ports in his own territory, his opponent has no right to interfere and must restrict his measures of blockade in such a manner as to leave such avenues of commerce still open to his adversary. This is a contention which His Majesty's Government feel unable to accept and which seems to them unsustainable either in point of law or upon principles of international equity. They are unable to admit that a belligerent violates any fundamental principle of international law by applying a blockade in such a way as to cut off the enemy's commerce with foreign countries through neutral ports if the circumstances render such an application of the principles of blockade the only means of making it effective. The Government of the United States indeed intimates its readiness to take into account "the great changes which have occurred

[1] *American White Book*, 9 Supplement, *American Journal of International Law*, p. 157, 158; *World Peace Foundation Pamphlets*, August, 1915, p. 74.

in the conditions and means of naval warfare since the rules hitherto governing legal blockade were formulated," and recognizes that "the form of close blockade with its cordon of ships in the immediate offing of the blockaded ports is no longer practicable in the face of an enemy possessing the means and opportunity to make an effective defense by the use of submarines, mines and aircraft."

6. The only question then which can arise in regard to the measures resorted to for the purpose of carrying out a blockade upon these extended lines is whether, to use Your Excellency's words, they "conform to the spirit and principles of the essence of the rules of war"; and we shall be content to apply this test to the action which we have taken in so far as it has necessitated interference with neutral commerce.

7. It may be noted in this connection that at the time of the Civil War the United States found themselves under the necessity of declaring a blockade of some 3,000 miles of coast line, a military operation for which the number of vessels available was at first very small. It was vital to the cause of the United States in that great struggle that they should be able to cut off the trade of the Southern States. The Confederate Armies were dependent on supplies from over seas, and those supplies could not be obtained without exporting the cotton wherewith to pay for them. To cut off this trade the United States could only rely upon a blockade. The difficulties confronting the Federal Government were in part due to the fact that neighbouring neutral territory afforded convenient centers from which contraband could be introduced into the territory of their enemies and from which blockade running could be facilitated. Your Excellency will no doubt remember how, in order to meet this new difficulty, the old principles relating to contraband and blockade were developed and the doctrine of continuous voyage was applied and enforced under which goods destined for the enemy territory were intercepted before they reached the neutral ports from which they were to be reexported.

8. The difficulties which imposed upon the United States the necessity of reshaping some of the old rules are somewhat akin to those which the allies are now faced with in dealing with the trade of their enemy. Adjacent to Germany are various neutral countries which afford her convenient opportunities for carrying on her trade with foreign countries. Her own territories are covered by a network of railways and waterways, which enable her commerce to pass as conveniently through ports in such neutral countries as through her own. A blockade limited to enemy ports would leave open routes by which every kind of German commerce could pass almost as easily as through the ports in her own territory. Rotterdam is indeed the nearest outlet for some of the industrial districts of Germany.

9. As a counterpoise to the freedom with which one belligerent may send his commerce across a neutral country without compromising its

neutrality, the other belligerent may fairly claim to intercept such commerce before it has reached, or after it has left, the neutral state, provided, of course, that he can establish that the commerce with which he interferes is the commerce of his enemy and not commerce which is *bona fide* destined for or proceeding from the neutral state. It seems, accordingly, that if it be recognized that a blockade is in certain cases the appropriate method of intercepting the trade of an enemy country, and if the blockade can only become effective by extending it to enemy commerce passing through neutral ports, such an extension is defensible and in accordance with principles which have met with general acceptance.

10. To the contention that such action is not directly supported by written authority, it may be replied that it is the business of writers on international law to formulate existing rules rather than to offer suggestions for their adaptation to altered circumstances, and Your Excellency will remember the unmeasured terms in which a group of prominent international lawyers of all nations condemned the doctrine which had been laid down by the Supreme Court of the United States in the case of the *Springbok*, a doctrine upheld by the Claims Commission at Washington in 1873. But the United States and the British Governments took a broader view and looked below the surface at the underlying principles, and the Government of this country, whose nationals were the sufferers by the extension and development of the old methods of blockade made by the United States during the Civil War, abstained from all protest against the decisions by which the ships and their cargoes were condemned.

11. What is really important in the general interest is that adaptations of the old rules should not be made unless they are consistent with the general principles upon which an admitted belligerent right is based. It is also essential that all unnecessary injury to neutrals should be avoided. With these conditions it may be safely affirmed that the steps we are taking to intercept commodities on their way to and from Germany fully comply. We are interfering with no goods with which we should not be entitled to interfere by blockade if the geographical position and the conditions of Germany at present were such that her commerce passed through her own ports. We are taking the utmost possible care not to interfere with commerce genuinely destined for or proceeding from neutral countries. Furthermore, we have tempered the severity with which our measures might press upon neutrals by not applying the rule which was invariable in the old form of blockade that ships and goods on their way to or from the blockaded area are liable to condemnation.

12. The communication made by the United States Embassy on the 2d April describes as a novel and quite unprecedented feature of the blockade that it embraces many neutral ports and coasts and has the effect of barring access to them. It does not appear that our measures

can be properly so described. If we are successful in the efforts we are making to distinguish between the commerce of neutral and enemy countries there will be no substantial interference with the trade of neutral ports except in so far as they constitute ports of access to and exit from the enemy territory. There are at this moment many neutral ports which it would be mere affectation to regard as offering facilities only for the commerce of the neutral country in which they are situated, and the only commerce with which we propose to interfere is that of the enemy who seeks to make use of such ports for the purposes of transit to or from his own country.

13. One of the earlier passages in Your Excellency's memorandum was to the effect that the sovereignty of neutral nations in time of war suffers no diminution except in so far as the practice and consent of civilized nations has limited it "by the recognition of certain now clearly determined rights," which it is considered may be exercised by nations at war; and these it defines as the right of capture and condemnation for unneutral service for the carriage of contraband and for breach of blockade. I may, however, be permitted to point out that the practice of nations on each of the three subjects mentioned has not at any time been uniform or clearly determined, nor has the practice of any maritime nation been always consistent.

14. There are various particulars in which the exact method of carrying a blockade into effect has from time to time varied. The need of a public notification, the requisite standard of effectiveness, the locality of the blockading squadrons, the right of the individual ship to a preliminary warning that the blockade is in force, and the penalty to be inflicted on a captured blockade runner are all subjects on which different views have prevailed in different countries and in which the practice of particular countries has been altered from time to time. The one principle which is fundamental and has obtained universal recognition is that by means of blockade a belligerent is entitled to cut off by effective means the sea-borne commerce of his enemy.

15. It is the same with contraband. The underlying principle is well established, but as to the details there has been a wide variety of view. As for unneutral service — the very term is of such recent introduction that many writers of repute on international law do not even mention it. It is impossible in the view of His Majesty's Government in these circumstances to maintain that the right of a belligerent to intercept the commerce of his enemy is limited in the way suggested in Your Excellency's communication.

16. There are certain subsidiary matters dealt with in Your Excellency's communication to which I think it well to refer. Among these may be mentioned your citation of the Declaration of Paris, due no doubt to the words which occur in the memorandum sent by me to Your Excellency on the 1st March, wherein it was stated that

the Allied Governments would hold themselves free to detain and take into port ships carrying goods of presumed enemy destination, ownership or origin, and to our announcement that vessels might be required to discharge goods of enemy ownership as well as those of enemy origin or destination.

17. It is not necessary to discuss the extent to which the second rule of the Declaration of Paris is affected by these measures or whether it could be held to apply at all as between Great Britain and the United States. In actual practice, however, we are not detaining goods on the sole ground that they are the property of an enemy. The purpose of the measures we are taking is to intercept commerce on its way from and to the enemy country. There are many cases in which proof that the goods were enemy property would afford strong evidence that they were of enemy origin or enemy destination, and it is only in such cases that we are detaining them. Where proof of enemy ownership would afford no evidence of such origin or destination we are not in practice detaining the goods.

18. His Majesty's Government have been gratified to observe that the measures which they are enforcing have had no detrimental effect on the commerce of the United States. Figures of recent months show that the increased opportunities afforded by the war for American commerce have more than compensated for the loss of the German and Austrian markets.

19. I trust that in the light of the above explanations it will be realized that the measures to which we have resorted have been not only justified by the exigencies of the case, but can be defended as in accordance with general principles which have commended themselves to the Governments of both countries. I am glad to be able to assure Your Excellency that we shall continue to apply these measures with every desire to occasion the least possible amount of inconvenience to persons engaged in legitimate commerce.

I have, etc.,

E. Grey.

4. British Trading with the Enemy (Extension of Powers) Act, 1915 [1]

1. (1) His Majesty may by proclamation prohibit all persons or bodies of persons, incorporated or unincorporated, resident or carrying on business or being in the United Kingdom, from trading with any person or bodies of persons not resident or carrying on business in enemy territory or in territory in the occupation of the enemy (other than persons or bodies of persons, incorporated or unincorporated, residing or carrying on business solely within His Majesty's domin-

[1] *American White Book*, 10 Supplement, *American Journal of International Law*, p. 111.

ions), wherever by reason of the enemy nationality or enemy association of such persons or bodies of persons incorporated or unincorporated, it appears to His Majesty expedient so to do; and if any person acts in contravention of any such proclamation he shall be guilty of a misdemeanor, triable and punishable in like manner as the offense of trading with the enemy; (2) any list of persons and bodies of persons, incorporated or unincorporated, with whom such trading is prohibited by a proclamation under this act, may be varied or added to by an order made by the Lords of the Council on the recommendation of a Secretary of State; (3) the provisions of the trading with the enemy acts, 1914 and 1915, and of the customs (war powers) (Number 2) act, 1915, and all other enactments relating to trading with the enemy shall, subject to such exceptions and adaptations as may be prescribed by Order in Council, apply in respect of such persons and bodies of persons as aforesaid, as if for references therein to trading with the enemy there were substituted references to trading with such persons and bodies of persons as aforesaid, and for references to enemies there were substituted references to such persons and bodies of persons as aforesaid, and for references to offenses under the trading with the enemy acts, 1914 and 1915, or any of those acts there were substituted references to offenses under this act; (4) for the purpose of this act a person shall be deemed to have traded with a person or body of persons to whom a proclamation issued under this act applies if he enters into any transaction or does any act with, to, on behalf of, or for the benefit of such a person or body of persons, which, if entered into or done with, to, on behalf of, or for the benefit of an enemy, would be trading with the enemy.

2. This act may be cited as the trading with the enemy (extension of powers) act, 1915.

5. Carriage of Cargoes on British Vessels between Foreign Ports — Order in Council of November 10, 1915 [1]

At the Court at Buckingham Palace, the 10th day of November, 1915.

Present: The King's Most Excellent Majesty in Council.

Whereas a state of war exists between His Majesty and the German Emperor, the Emperor of Austria, King of Hungary, the Sultan of Turkey, and the King of the Bulgarians;

And whereas His Majesty holds it to be His Prerogative Duty as well as His Prerogative Right to take all steps necessary for the Defense and Protection of the Realm;

And whereas it has been made to appear to His Majesty that it is essential to the Defense and Protection of the Realm, that, in the exercise of His Prerogatives as aforesaid, He should prohibit as from and

[1] *American White Book*, 10 Supplement, *American Journal of International Law*, p. 109.

after the First day of December, 1915, the carrying of cargo from any foreign port to any other foreign port by any British steamship registered in the United Kingdom exceeding 500 tons gross tonnage — and whether or not such ship while carrying such cargo calls at any intermediate port within His Majesty's Dominions — unless the owner or charterer of such steamship has been granted exemption by license as hereinafter provided:

Now, therefore, His Majesty is pleased, by and with the advice of His Privy Council, and in exercise of His Prerogatives as aforesaid and of all other powers Him thereunto enabling, to order, and it is hereby ordered, that from and after the First day of December 1915, no British steamship registered in the United Kingdom exceeding 500 tons gross tonnage shall carry any cargo from any foreign port to any other foreign port — and whether or not such ship while carrying such cargo calls at any intermediate port within His Majesty's Dominions — unless the owner or charter of such steamship has been granted exemption by license as hereinafter provided.

And His Majesty doth hereby declare that the expression "foreign port" herein used shall mean and include any port outside His Majesty's Dominions.

And His Majesty, by and with the advice aforesaid, and in exercise of His Prerogatives and Powers as aforesaid, is further pleased to authorize and direct the President of the Board of Trade to appoint a committee of persons to carry out and give effect to the provisions hereof, and that the said committee shall have power to grant licenses of exemption therefrom to or in favor of owners and charterers of such steamships as aforesaid, which licenses may be general in reference to classes of ships or their voyages or special.

And His Majesty is further pleased to authorize the President of the Board of Trade from time to time to add other persons as members of such Committee, and to substitute as members thereof other persons for such members as may from time to time die, resign, or be or become incapable of acting thereon.

And the President of the Board of Trade is to act and to give instructions and directions accordingly.

6. British "Statement of the Measures Adopted to Intercept the Sea-borne Commerce of Germany" [1]

XI. *Conclusion.*

30. To sum up, the policy which has been adopted in order to enforce the blockade of Germany may be described as follows: —

(i) German exports to oversea countries have been almost entirely stopped. Such exceptions as have been made are in cases where a re-

[1] British Parliamentary Papers, Cd. 8145. Misc. No. 2 (1916), p. 7.

fusal to allow the export of the goods would hurt the neutral concerned without inflicting any injury upon Germany.

(ii) All shipments to neutral countries adjacent to Germany are carefully scrutinized with a view to the detection of a concealed enemy destination. Wherever there is reasonable ground for suspecting such destination, the goods are placed in the Prize Court. Doubtful consignments are detained until satisfactory guaranties are produced.

(iii) Under agreements in force with bodies of representative merchants in several neutral countries adjacent to Germany, stringent guaranties are exacted from importers, and so far as possible all trade between the neutral country and Germany, whether arising overseas or in the neutral country itself, is restricted.

(iv) By agreements with shipping lines and by a vigorous use of the power to refuse bunker coal, a large proportion of the neutral mercantile marine which carries on trade with Scandinavia and Holland has been induced to agree to conditions designed to prevent goods carried in these ships from reaching the enemy.

(v) Every effort is being made to introduce a system of rationing which will insure that the neutral countries concerned only import such quantities of the articles specified as are normally imported for their own consumption.

7. War Trade Board of the United States [1]

I. I hereby establish a War Trade Board to be composed of representatives, respectively, of the Secretary of State, of the Secretary of the Treasury, of the Secretary of Agriculture, of the Secretary of Commerce, of the Food Administrator, and the United States Shipping Board.

II. I hereby vest in said Board the power and authority to issue licenses under such terms and conditions as are not inconsistent with law, or to withhold or refuse licenses, for the exportation of all articles except coin, bullion, or currency, the exportation or taking of which out of the United States may be restricted by proclamations heretofore or hereafter issued by me under said Title VII of the espionage act.

III. I further hereby vest in said War Trade Board the power and authority to issue, upon such terms as are not inconsistent with law, or to withhold or refuse, licenses for the importation of all articles the importation of which may be restricted by any proclamation hereafter issued by me under Sec. 11 of the trading with the enemy act.

IV. I further hereby vest in said War Trade Board the power and authority not vested in other officers by subsequent provisions of this order, to issue, under such terms and conditions as are not inconsistent with law, or to withhold or refuse, licenses to trade either

[1] Executive Order of October 12, 1917, *War Trade Board Report*, p. 5.

directly or indirectly with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe that such other person is an enemy or an ally of enemy, or is conducting or taking part in such trade directly or indirectly for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

V. I further hereby vest in said War Trade Board the power and authority, under such terms and conditions as are not inconsistent with law, to issue to every enemy or ally of enemy, other than enemy or ally of enemy insurance or reinsurance companies, doing business within the United States through an agency or branch office or otherwise, applying therefor within thirty days of October 6, 1917, licenses temporary or otherwise to continue to do business, or said Board may withhold or refuse same.

VI. And I further hereby vest in said War Trade Board the executive administration of the provisions of Sec. 4 (*b*) of the trading with the enemy act relative to granting licenses to enemies and enemy allies to assume or use other names than those by which they were known at the beginning of the war. And I hereby authorize said Board to issue licenses not inconsistent with the provisions of law or to withhold or refuse licenses to any enemy, or ally of enemy, or partnership of which an enemy or ally of enemy is a member or was a member at the beginning of the war, to assume or use any name other than that by which such enemy or ally of enemy or partnership was ordinarily known at the beginning of the war.

VII. I hereby revoke the Executive order of August 21, 1917, creating the Exports Administrative Board. All Proclamations, rules, regulations, and instructions made or given by me under Title VII of the espionage act and now being administered by the Exports Administrative Board are hereby continued, confirmed, and made applicable to the War Trade Board and all employees of the Exports Administrative Board are hereby transferred to and constituted employees of the War Trade Board in the same capacities, and said War Trade Board is hereby authorized to exercise without interruption the powers heretofore exercised by said Exports Administrative Board.

VIII. The said War Trade Board is hereby authorized and empowered to take all such measures as may be necessary or expedient to administer the powers hereby conferred. And I hereby vest in the War Trade Board the power conferred upon the President by Sec. 5 (*a*) to make such rules and regulations, not inconsistent with law, as may be necessary and proper for the exercise of the powers conferred upon said Board.

8. War Trade Board's Measures of Economic "Blockade"[1]

i. Restrictions and Prohibitions on Domestic Exports to Central Powers

The important object which the United States and the Allied Governments had in mind in placing the embargo on exports to the border neutrals and in negotiating rationing agreements with them was the restriction or prohibition of exports from these countries to Germany of essential war materials, including foodstuffs and military supplies. The extent of the success or failure of any policy of economic pressure depended, therefore, on the relative dependence of the neutrals on the Associated Governments and on the Central Powers for the essentials of national existence; and, reciprocally, the dependence of the Associated Governments and the Central Powers on the neutrals for war materials, including foodstuffs.

The situation of the four northern neutrals in this respect was as follows:

Denmark was largely self-supporting so far as foodstuffs was concerned — in fact, an exporter. Her need for fodder and feedstuffs for horses and meat animals was great and she must import largely from the Allies and the United States or it would be necessary to slaughter her herds. In this case her exports of meat products to the Central Empires would in all probability increase. Furthermore, her imports of fuel oils and lubricants were important and the United States was the chief source of supply.

Holland depended to a considerable extent on imports for her requirements of cereals, feedstuffs, textiles, rubber, fuel oils, lubricating oils, coal, and iron, and the loss of American exports would be serious.

Norway depended on the associated nations for foodstuffs, mineral oils, and other commodities of lesser importance; she also supplied Germany with very important essentials, such as nickel, molybdenum, chrome, pyrites, fish and fish products. The stopping of these supplies had been an essential desideratum of the Allies.

Sweden was probably in the strongest position of the northern neutrals. She was largely self-supporting so far as foodstuffs were concerned. Her most vulnerable point was perhaps her need for coal and mineral oils. On the other hand, certain grades of Swedish iron and steel were greatly needed by the Allies. Germany depended on Sweden as her main outside source of supply for iron ore, and Swedish wood-pulp imports enabled her to conserve her supplies of sulphuric acid in the manufacture of domestic wood pulp. The cutting off of this import might easily have a significant bearing on the duration of the war.

[1] *War Trade Board Report*, p. 21.

The effectiveness of the policy of the United States and the Allies in bringing about these results is shown in the following data taken from the agreements:

Danish Exports Permitted Annually to Central Powers

Butter, Bacon, Eggs, Milk, Cheese — Not to exceed (tons)	24,200
Denmark under obligation to export first to Sweden and Norway:	
30 per cent of export surplus of butter, bacon, milk, cheese.	
25 per cent of export surplus of eggs.	
Not over 50 per cent of remaining export surplus to Central Powers.	
Not to be greater than exports to Great Britain if Great Britain elects in advance to purchase.	
Fish and fish products, not to exceed (tons)	25,000
Cattle (not to interfere with Danish exports to Norway and Sweden monthly of at least 35 per cent of her exportable surplus of cattle) (head)	226,000
Horses (head)	30,000
Hides	None [1]
Spirits, liquors, beer, etc. (hectoliters)	37,649
Limestone (tons)	40,382
Gravel, paving stones, flints, granite (tons)	11,113
Cabbage (tons)	15,000
Birds' eggs (score)	15,300
All other, as specified (tons)	15,016
Copper, lead, and other metals (subject to return within 60 days of manufactured goods containing metals of the same amounts) (tons)	200

Dutch Exports to Central Powers Prohibited

(1) All foodstuffs, fertilizers, and fodders, including:
Animals, dead or alive, and products thereof.
Sugar.
Hay and straw.
Seeds, except as agreed.
Manure.
(2) Technical fats.

[1] Except products of dressed beef exported in lieu of cattle, above.

(3) Bone grease or soap (except hard soap, 130 tons per month).
(4) Bulbs (except for certain horticultural purposes).
(5) Leather hides and skins.

Limited Dutch Exports Permitted to Central Powers

(1) Offals (tons per year)	1,000
(2) Seeds and flax (to be determined).	
(3) Return of iron and steel or iron and steel scrap imported from Central Powers.	
(4) Milk and milk products (not to exceed 17 per cent of total export) (tons)	4,400
(5) Vegetables and fruit (to be determined).	
(6) Fish and fish products subject to separate fishery agreement.	

Restrictions on Norwegian Exports to the Central Powers or their Allies

(Export allowed per annum.)

	Tons
Foodstuffs:	
Fish and fish products	48,000
All others	None
Calcium carbide	10,000
Calcium nitrate	8,000
Ferrosilicon	2,000
Iron ore (none to be in form of pyrites; no ore containing manganese)	40,000 [1]
Zinc	1,000 [1]
Aluminum	40
Copper, crude, refined, or pyrites cinders (but only as compensation for imports of copper goods within 60 days)	200
Domestic animals or their products	None
Bismuth	
Nickel	
Wolfram	
Chrome ore	
Pyrites	
Molybdenum	
Nitrates (except calcium nitrate above)	
Mica	
Tin	
Antimony	
Manganese	
Titanium	

[1] Certain additional quantities permitted as compensation for equivalent imports of manufactured goods from Central Powers (see next paragraph).

Articles not mentioned above may be exported to the Central Powers in quantities not to exceed those quantities exported to said countries from Norway in 1917, as given in Schedule H, thus:

	Metric Tons
Downs and skins	218.619
Waste of paper	314.395
Granite	2,531.020
Feldspar	1,260.000
Seaweed and seaweed ashes	930.300
Iron ore	133,614.000
Zinc	4,467.000
All other specified	912.424

Articles not included in the above lists shall not be exported from Norway to the Central Powers, except that, if necessity be shown therefor, such exports will be sympathetically considered, but shall not be made without prior written agreement with the War Trade Board.

Prohibition on Swedish Exports to Central Powers and their Allies

(1) All rationed articles, their products and "articles similaires."
(2) All foodstuffs and feeding stuffs (except cranberries).
(3) All skins, hides, leather, leather manufactures, and tanning materials.
(4) All wool and woolen manufactures, waste and yarn, cotton, cotton waste, yarn and manufactures; textiles made of paper.
(5) All ores, including pyrites, and metals, including steel containing ferroalloys, except iron ore (as specified later), steel containing not over 1 per cent of manganese, pig iron containing Swedish manganese.
(6) Sulphuric, nitric, hydrochloric acid; sulphates of copper and nickel. Export of acetic acid and acetates, chlorates and perchlorates to Central Powers and their allies not to exceed in any quarter quantity exported in corresponding quarter of 1917.
(7) Carbide, in excess of 1,500 tons per quarter; cyanamide.

Swedish Exports Prohibited, Except to United States and the Allies

(1) Ferroalloys and steel-hardening materials.
Except —
Molybdenum ore (of Swedish origin) to Central Powers prior to October 25, 1918 (tons) 50
No other exports whatever except to the United States and Allies.
No imports into Sweden in any form during war.
Ferrosilicon, including ferrosilicon manganese:
To Central Powers and allies (per quarter) (tons) . 1,750
To other destinations (per quarter) (tons) . . 50

(2) Mica, micanite, and mica manufactures.
(3) Tin plates and terneplates.
(4) Cork, its manufactures and waste.
(5) Rosin, turpentine, wood pitch, wood tar, wood-tar oil, and resin oil.

Except —

Wood pitch Wood tar Wood-tar oil	To Central Powers and their allies (per quarter) (tons)	2,000
Resin oil, to Central Powers and their allies (per quarter) (tons)		750
Wood pitch Wood tar	To Holland and Denmark in quarterly quantities not to exceed 1917 quantities.	

Swedish Exports to the Central Powers and their Allies Permitted

(1) Small quantities of copper, brass, tin, aluminum, rubber, and rosin in manufactured articles — subject to special conditions.
(2) Tin, lead, nickel, aluminum, copper, brass, and rubber in compensation of like quantities imported from Central Powers in manufactured form.
(3) Zinc — 25 tons per quarter for manufacture and return to Sweden.

		Tons per Annum
(4) Iron ore (total exports permitted to all destinations) .		6,000,000
Associated Governments will purchase (tons)	2,000,000	
Associated Governments may purchase (tons additional)	500,000	
(Sweden to give facilities for storage to all purchases by Associated Governments if desired.)		
To Central Powers and their allies (tons) .	3,500,000	

(5) Wood pulp to Central Powers and their allies per year:

	Tons
Sulphite pulp	89,000
Sulphate pulp	88,000
Paper and products thereof	59,000

Restrictions on Swiss Exports to Central Powers

(1) Schedule B — Grains:
Imports of rations shall not operate to release like articles of Swiss origin or in Swiss stocks, for export to Central Powers.
(2) Schedule C — Mineral oils, etc.:
None of the commodities in this schedule shall be used in manufacture of arms, ammunition, explosives, and war material for export to enemy.

(3) Schedule E — Leather:

All exports to Central Powers *prohibited* of leather or rubber, shoes, boots, slippers and parts thereof, soles, uppers, harness and parts thereof, saddles and parts thereof, and raw hides and prepared leather.

(4) Schedule F — Cotton:

Exports to Central Powers *prohibited* of all American cotton, including raw cotton, linters, waste, and all cotton goods and fabrics containing cotton, and of all goods and articles manufactured from cotton, with the following exceptions, for which special control machinery is established:

	Metric Tons
Embroideries	1,250
Cotton fabrics	500
Knitted fabrics	200

ii. Extracts from Rationing Agreement with Norway [1]

The importation into Norway of the articles described in the said annexed schedules is for consumption in Norway and the quantities thereof which shall be licensed (notwithstanding the aggregate quantities set forth in the schedules annexed) shall at all times be determined by the actual internal requirements of Norway, with due regard to the existing stocks and to the importation into Norway from countries where the license of the Board is not required of like articles, or articles capable of use as substitutes for those described in the annexed schedules.

No article imported into Norway under the provisions hereof shall be exported by Norway to other than "allied" destination, nor shall any article released by such importation be exported to other than "allied" destination.

. . . . . .

No articles, including those mentioned in Art. 3 of this agreement, which are obtained, grown or produced, in whole or in part, by the use of any implements, machines, machinery, coal, gasoline, kerosene, oils, lubricants, or other auxiliaries or articles hereafter imported from the United States or hereafter imported from any country associated with the United States in the war, or whose importation shall be facilitated by the War Trade Board's license for bunker coal and ship's stores, or by the license or authority of any country associated with the United States in the war, shall be directly or indirectly exported from Norway to any country or ally of any country with which the United States is at war. . . .

[1] *War Trade Board Report*, p. 20.

APPENDIX III

DOCUMENTS RELATING TO THE "ECONOMIC WEAPON"

1. Program of the League to Enforce Peace (1915) [1]

Proposals

We believe it to be desirable for the United States to join a league of nations binding the signatories to the following:

First: All justiciable questions arising between the signatory powers, not settled by negotiation, shall, subject to the limitations of treaties, be submitted to a judicial tribunal for hearing and judgment, both upon the merits and upon any issue as to its jurisdiction of the question.

Second: All other questions arising between the signatories and not settled by negotiation, shall be submitted to a council of conciliation for hearing, consideration and recommendation.

Third: The signatory powers shall jointly use forthwith both their economic and military forces against any one of their number that goes to war, or commits acts of hostility, against another of the signatories before any question arising shall be submitted as provided in the foregoing.

The following interpretation of Art. 3 has been authorized by the Executive Committee:

> The signatory powers shall jointly employ diplomatic and economic pressure against any one of their number that threatens war against a fellow signatory without having first submitted its dispute for international inquiry, conciliation, arbitration or judicial hearing, and awaited a conclusion, or without having offered so to submit it. They shall follow this forthwith by the joint use of their military forces against that nation if it actually goes to war, or commits acts of hostility, against another of the signatories before any question arising shall be dealt with as provided in the foregoing.

Fourth: Conferences between the signatory powers shall be held from time to time to formulate and codify rules of international law, which, unless some signatory shall signify its dissent within a stated period, shall thereafter govern in the decisions of the judicial tribunal mentioned in Article One.

[1] *Program and Policies of the League to Enforce Peace*, by William H. Short, p. vii.

2. The Sanctions in the Covenant of the League of Nations

Art. 11 [1]

Action in Case of War or Threat of War

1. Any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations. In case any such emergency should arise, the Secretary-General shall, on the request of any Member of the League, forthwith summon a meeting of the Council.

2. It is also declared to be the friendly right of each Member of the League to bring to the attention of the Assembly or of the Council any circumstance whatever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends.

Art. 12 [2]

Disputes to be Submitted for Settlement

1. The Members of the League agree that, if there should arise between them any dispute likely to lead to a rupture they will submit the matter either to arbitration or judicial settlement or to inquiry by the Council and they agree in no case to resort to war until three months after the award by the arbitrators or the judicial decision, or the report by the Council.

2. In any case under this Article, the award of the arbitrators or the judicial decision shall be made within a reasonable time, and the report of the Council shall be made within six months after the submission of the dispute.

Art. 13 [2]

Arbitration or Judicial Settlement

1. The Members of the League agree that, whenever any dispute shall arise between them which they recognize to be suitable for submission to arbitration or judicial settlement, and which can not be satisfactorily settled by diplomacy, they will submit the whole subject-matter to arbitration or judicial settlement.

[1] A report laying down the procedure under Art. 11 was referred by the Council on June 15, 1927, to the Assembly, which approved it, and was finally adopted by the Council on December 6, 1927; for text of report see *Official Journal*, VIII, p. 832.

[2] The text as printed came into force as an amendment on September 26, 1924, in accordance with Art. 26.

2. Disputes as to the interpretation of a treaty, as to any question of international law, as to the existence of any fact which, if established, would constitute a breach of any international obligation, or as to the extent and nature of the reparation to be made for any such breach, are declared to be among those which are generally suitable for submission to arbitration or judicial settlement.

3. For the consideration of any such dispute, the court to which the case is referred shall be the Permanent Court of International Justice, established in accordance with Art. 14, or any tribunal agreed on by the parties to the dispute or stipulated in any convention existing between them.

4. The Members of the League agree that they will carry out in full good faith any award or decision that may be rendered, and that they will not resort to war against a Member of the League which complies therewith. In the event of any failure to carry out such an award or decision, the Council shall propose what steps should be taken to give effect thereto.

Art. 15

Disputes not Submitted to Arbitration or Judicial Settlement

1.[1] If there should arise between Members of the League any dispute likely to lead to a rupture, which is not submitted to arbitration or judicial settlement in accordance with Art. 13, the Members of the League agree that they will submit the matter to the Council. Any party to the dispute may effect such submission by giving notice of the existence of the dispute to the Secretary-General, who will make all necessary arrangements for a full investigation and consideration thereof.

2. For this purpose the parties to the dispute will communicate to the Secretary-General, as promptly as possible, statements of their case, with all the relevant facts and papers, and the Council may forthwith direct the publication thereof.

3. The Council shall endeavor to effect a settlement of the dispute and, if such efforts are successful, a statement shall be made public giving such facts and explanations regarding the dispute and the terms of settlement thereof as the Council may deem appropriate.

4. If the dispute is not thus settled, the Council, either unanimously or by a majority vote, shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto.

5. Any Member of the League represented on the Council may make public a statement of the facts of the dispute and of its conclusions regarding the same.

[1] The text of the first paragraph as printed came into force as an amendment on September 26, 1924, in accordance with Art. 26.

6. If a report by the Council is unanimously agreed to by the Members thereof other than the Representatives of one or more of the parties to the dispute, the Members of the League agree that they will not go to war with any party to the dispute which complies with the recommendations of the report.

7. If the Council fails to reach a report which is unanimously agreed to by the members thereof, other than the Representatives of one or more of the parties to the dispute, the Members of the League reserve to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice.

8. If the dispute between the parties is claimed by one of them, and is found by the Council, to arise out of a matter which by international law is solely within the domestic jurisdiction of that party, the Council shall so report, and shall make no recommendation as to its settlement.

9. The Council may in any case under this Article refer the dispute to the Assembly. The dispute shall be so referred at the request of either party to the dispute, provided that such request be made within 14 days after the submission of the dispute to the Council.

10. In any case referred to the Assembly, all the provisions of this Article and of Art. 12 relating to the action and powers of the Council shall apply to the action and powers of the Assembly, provided that a report made by the Assembly, if concurred in by the Representatives of those Members of the League represented on the Council and of a majority of the other Members of the League, exclusive in each case of the Representatives of the parties to the dispute, shall have the same force as a report by the Council concurred in by all the members thereof other than the Representatives of one or more of the parties to the dispute.

Art. 16

Sanctions of Pacific Settlement

1.[1] Should any Member of the League resort to war in disregard of its covenants under Arts. 12, 13 or 15, it shall *ipso facto* be deemed to have

[1] The Assembly has voted in favor of the following amendments to Art. 16, to replace paragraph one, and the Members are now deciding upon their ratification:

"Should any Member of the League resort to war in disregard of its covenants under Arts. 12, 13 or 15, it shall *ipso facto* be deemed to have committed an act of war against all other Members of the League, *which hereby undertake immediately to subject it to the severance of all trade or financial relations and to prohibit all intercourse at least between persons resident within their territories and persons resident within the territory of the covenant-breaking State and, if they deem it expedient, also between their nationals and the nationals of the covenant-breaking State, and to prevent all financial, commercial or personal intercourse at least between persons resident within the territory of that State and persons resident within the territory of any other State, whether a Member of the League or not, and, if they deem it expedient, also between the nationals of that State and the nationals of any other State whether a Member of the League or not.*"

[N.B. — The above amendment was voted by the Fifth Assembly on September 27, 1924, to supersede an amendment voted by the Second Assembly and which was

committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not.

2. It shall be the duty of the Council in such case [1] to recommend to the several Governments concerned what effective military, naval or air force the Members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.

3. The Members of the League agree, further, that they will mutually support one another in the financial and economic measures which are taken under this Article, in order to minimize the loss and inconvenience resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by the covenant-breaking State, and that they will take the necessary steps to afford passage through their territory to the forces of any of the Members of the League which are cooperating to protect the covenants of the League.

4. Any Member of the League which has violated any covenant of the League may be declared to be no longer a Member of the League by a vote of the Council concurred in by the Representatives of all the other Members of the League represented thereon.

being ratified in the following form: "*. . . which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between persons residing in their territory and persons residing in the territory of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between persons residing in the territory of the covenant-breaking State and persons residing in the territory of any other State, whether a Member of the League or not.*"]

"*It is for the Council to give an opinion whether or not a breach of the Covenant has taken place. In deliberations on this question in the Council, the votes of Members of the League alleged to have resorted to war and of Members against whom such action was directed shall not be counted.*

"*The Council will notify to all Members of the League the date which it recommends for the application of the economic pressure under this Article.*

"*Nevertheless, the Council may, in the case of particular Members, postpone the coming into force of any of these measures for a specified period where it is satisfied that such a postponement will facilitate the attainment of the object of the measures referred to in the preceding paragraph, or that it is necessary in order to minimize the loss and inconvenience which will be caused to such Members.*"

[1] The Assembly on September 21, 1925, adopted a resolution providing that the words "in such case" shall be deleted. The amendment has been submitted to Member States for ratification.

Art. 17

Disputes Involving Nonmembers

1. In the event of a dispute between a Member of the League and a State which is not a Member of the League, or between States not Members of the League, the State or States not Members of the League shall be invited to accept the obligations of Membership in the League for the purposes of such dispute, upon such conditions as the Council may deem just. If such invitation is accepted, the provisions of Arts. 12 to 16, inclusive, shall be applied with such modifications as may be deemed necessary by the Council.

2. Upon such invitation being given, the Council shall immediately institute an inquiry into the circumstances of the dispute and recommend such action as may seem best and most effectual in the circumstances.

3. If a State so invited shall refuse to accept the obligations of Membership in the League for the purposes of such dispute, and shall resort to war against a Member of the League, the provisions of Art. 16 shall be applicable as against the State taking such action.

4. If both parties to the dispute, when so invited, refuse to accept the obligations of Membership in the League for the purposes of such dispute, the Council may take such measures and make such recommendations as will prevent hostilities and will result in the settlement of the dispute.

3. Resolutions Concerning the Economic Weapon, Adopted by the Assembly on October 4, 1921 [1]

The Assembly adopts the following resolutions:

1. The resolutions and the proposals for amendments to Art. 16 which have been adopted by the Assembly shall, so long as the amendments have not been put in force in the form required by the Covenant, constitute rules for guidance which the Assembly recommends, as a provisional measure, to the Council and to the Members of the League in connection with the application of Art. 16.

2. Subject to the special provisions of Art. 17, the economic measures referred to in Art. 16 shall be applicable only in the specific case referred to in this article.

3. The unilateral action of the defaulting state can not create a state of war: it merely entitles the other Members of the League to resort to acts of war or to declare themselves in a state of war with the covenant-breaking state; but it is in accordance with the spirit of the Covenant that the League of Nations should attempt, at least at the outset, to avoid war, and to restore peace by economic pressure.

[1] *League Report on Art. 16*, p. 42.

4. It is the duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed. The fulfilment of their duties under Art. 16 is required from Members of the League by the express terms of the Covenant, and they can not neglect them without breach of their treaty obligations.

5. All cases of breach of Covenant under Art. 16 shall be referred to the Council as a matter of urgency at the request of any Member of the League. Further, if a breach of Covenant be committed, or if there arise a danger of such breach being committed, the Secretary-General shall at once give notice to all the Members of the Council. Upon receipt of such a request by a Member of the League, or of such a notice by the Secretary-General, the Council will meet as soon as possible. The Council shall summon representatives of the parties to the conflict and of all states which are neighbors of the defaulting state, or which normally maintain close economic relations with it, or whose cooperation should be especially valuable for the application of Art. 16.

6. If the Council is of opinion that a state has been guilty of a breach of Covenant, the minutes of the meeting at which that opinion is arrived at shall be immediately sent to all Members of the League, accompanied by a statement of reasons and by an invitation to take action accordingly. The fullest publicity shall be given to this decision.

7. For the purpose of assisting it to enforce Art. 16, the Council may, if it thinks fit, be assisted by a *technical* committee. This committee, which will remain in permanent session as soon as the action decided on is taken, may include, if desirable, representatives of the states specially affected.

8. The Council shall recommend the date on which the enforcement of economic pressure, under Art. 16, is to be begun, and shall give notice of that date to all the Members of the League.

9. All states must be treated alike as regards the application of the measures of economic pressure, with the following reservations:

(*a*) It may be necessary to recommend the execution of special measures by certain states.

(*b*) If it is thought desirable to postpone, wholly or partially, in the case of certain states, the effective application of the economic sanctions laid down in Art. 16, such postponement shall not be permitted except in so far as it is desirable for the success of the common plan of action, or reduces to a minimum the losses and embarrassments which may be entailed in the case of certain Members of the League by the application of the sanctions.

10. It is not possible to decide beforehand, and in detail, the various measures of an economic, commercial and financial nature to be taken in each case where economic pressure is to be applied.

When the case arises, the Council shall recommend to the Members of the League a plan for joint action.

11. The interruption of diplomatic relations may, in the first place, be limited to the withdrawal of the heads of missions.

12. Consular relations may possibly be maintained.

13. For the purposes of the severance of relations between persons belonging to the covenant-breaking state and persons belonging to other states Members of the League, the test shall be residence and not nationality.

14. In cases of prolonged application of economic pressure, measures of increasing stringency may be taken. The cutting-off of the food supplies of the civil population of the defaulting state shall be regarded as an extremely drastic measure which shall only be applied if the other measures available are clearly inadequate.

15. Correspondence and all other methods of communication shall be subjected to special regulations.

16. Humanitarian relations shall be continued.

17. Efforts should be made to arrive at arrangements which would insure the cooperation of states non-Members of the League in the measures to be taken.

18. In special circumstances and in support of economic measures to be taken, it may become advisable: (*a*) to establish an effective blockade of the seaboard of the covenant-breaking state; (*b*) to intrust to some Members of the League the execution of the blockade operations.

19. The Council shall urge upon all the states Members of the League that their Governments should take the necessary preparatory measures, above all of a legislative character, to enable them to enforce at short notice the necessary measures of economic pressure.

4. The Burton Resolution of January 25, 1928 [1]

Joint Resolution

To prohibit the exportation of arms, munitions, or implements of war to belligerent nations

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the policy of the United States of America to prohibit the exportation of arms, munitions, or implements of war to any nation which is engaged in war with another.

Sec. 2. Whenever the President recognizes the existence of war between foreign nations by making proclamation of the neutrality of the United States, it shall be unlawful, except by the consent of the Congress, to export or attempt to export any arms, munitions, or implements of war from any place in the United States or any possession thereof, to the territory of either belligerent or to any place if the ultimate destination of such arms, munitions, or implements of war is within the territory of either belligerent or any military or naval force of either belligerent.

[1] H. J. Res. 183, 70th Cong., 1st sess.

SEC. 3. As used in this joint resolution the term "arms, munitions, or implements of war" means —

1. Rifles, muskets, carbines.

2. (*a*) Machine guns, automatic rifles, and machine pistols of all calibers; (*b*) mountings for machine guns; (*c*) interrupter gears.

3. Projectiles and ammunition for the arms enumerated in numbers 1 and 2 above.

4. Gun-sighting apparatus, including aerial gun sights and bomb sights, and fire-control apparatus.

5. (*a*) Cannon, long or short, and howitzers, of a caliber less than 5.9 inches (15 centimeters); (*b*) cannon, long or short, and howitzers, of a caliber of 5.9 inches (15 centimeters) or above; (*c*) mortars of all kinds; (*d*) gun carriages, mountings, recuperators, accessories for mountings.

6. Projectiles and ammunition for the arms enumerated in number 5 above.

7. Apparatus for the discharge of bombs, torpedoes, depth charges, and other kinds of projectiles.

8. (*a*) Grenades; (*b*) bombs; (*c*) land mines, submarine mines, fixed or floating; depth charges; (*d*) torpedoes.

9. Appliances for use with the above arms and apparatus.

10. Bayonets.

11. Tanks and armored cars; aircraft designed for purposes of warfare.

12. Arms and ammunition not specified in the above enumeration prepared for use in warfare.

13. Poisonous gases, acids, or any other articles or inventions prepared for use in warfare.

14. Component parts of the articles enumerated above if capable of being used in the assembly or repair of the said articles or as spare parts.

SEC. 4. Whoever exports or attempts to export any arms, munitions, or implements of war in violation of the provisions of this resolution shall, upon conviction thereof, be punished by a fine not exceeding $10,000, and by imprisonment not exceeding two years. It shall be the duty of the Secretary of the Treasury to report any such violation of the provisions of this resolution to the United States district attorney for the district wherein the violation is alleged to have been committed.

5. Memorandum on Art. 16 of the Covenant, submitted by M. Rutgers,[1] February 6, 1928, to the Committee on Arbitration and Security

[Excerpt]

Application of the Article

167. We now come to the measures which can be taken to prepare the application of Art. 16. A distinction must here be made between preparing the application of Arts. 11 and 16. The action exercised under Art. 11 aims at safeguarding the peace of nations; it is conciliatory and pacifying in its object.

Art. 16 is applied at a more advanced stage of the dispute. As M. de Brouckère's report justly says, it lays down terrible measures for the extreme case in which the pacific endeavors of the League finally fail before the criminal determination of a state resolved on war. Thus, to prepare the application of Art. 11 is to prepare a pacific action, and to prepare the application of Art. 16 is to prepare to take measures of extreme gravity. To prepare the Council's action under Art. 11 is to prepare an action which it is hoped will be exerted in time and will be successful, while to prepare the execution of Art. 16 is to prepare for action which it is hoped will never be required.

168. Preparation of the application of Art. 16 may be conceived in two different forms. The preparation might consist in special measures to be applied to given situations. Every eventuality would have to be considered. One might even go as far as to draw up plans of campaign for cases of aggression. On the other hand, preparation might also be general and might aim at creating a situation which would inspire confidence in the effectiveness of the League's organs and in the readiness of Members to perform their duty if the application of Art. 16 became necessary. . . .

170. In making preparations for the application of Art. 11, that of Art. 16 is also to a great extent prepared. This is easily understood if it is realized that the application of the measures provided for by Art. 16 does not take place at the beginning of a dispute but only when it is proved that a serious crisis is no longer capable of a peaceful solution. The question of the application of Art. 16 will therefore not come before the Council and the Members without the Council having first to deal with the conflict in virtue of Art. 11 and similar articles. The application of the procedure of Art. 11 will be for the Council the best preparation for the performance of its duties under Art. 16. This procedure will enlighten it as to the attitude of the two parties, and supply it with valuable information which will en-

[1] *Preparatory Commission for the Disarmament Conference, Committee on Arbitration and Security*, February 6, 1928. C. A. S. 10 (1928. IX. 3), p. 33, 40.

able it to give the Members of the League the guidance and the recommendations to which they are entitled.

171. It is not the Council which has the last word on the measures to be taken in execution of Art. 16. It is for the Members, bearing constantly in mind their duty, to enforce respect for the Covenant, to decide upon what measures they can take. To deal effectively with the aggressor, cooperation is essential. It is clear that, for this cooperation to succeed, it is most desirable that states should have the guidance, in regard to the general situation, of a weighty and authoritative opinion. As to military action against the aggressor, Art. 16 itself instructs the Council to make recommendations to the Members.

172. For the recommendations it will have to make, the Council will need very full information on various points. In one of its resolutions of December 8, 1926, the Council requested the Secretary-General to collect systematically precise information regarding the economic and financial relations of the various States with a view to a possible application of Art. 16 of the Covenant, and to carry out this work in accordance with a plan to be submitted to the Council by the Secretary-General after consulting the technical organs of the League, including, if necessary, the Joint Commission. Correspondence has since passed between the Secretary-General and the Economic and Financial Committees of the League with regard to the plan to be drawn up.

In a letter dated October 13, 1927, the Financial Committee informed the Secretary-General that it could not but feel that such a new form of inquiry might cause a misunderstanding of the purpose of the present work of collecting and publishing trade statistics and other economic information, which was undertaken in the general interests of scientific knowledge and practical economic purposes.

175. The Economic Committee's opinion, which will be found in its letter to the Secretary-General of December 21, 1927, is to the same effect. . . .

176. We might now go into the details of the measures to be taken in the case provided for in Art. 16. We may quote the first sentence of the tenth resolution of 1921:

"It is not possible to decide beforehand, and in detail, the various measures of an economic, commercial and financial nature to be taken in each case where economic pressure is to be applied."

Indeed, the variety of cases which might arise is such that it is impossible to settle in advance what measures will be possible and expedient. When the time comes, the Council will act with a full knowledge of the facts acquired by the action it will have taken in virtue of the Covenant during the development of the conflict.

There is therefore no question of drawing up a code of procedure for the application of Art. 16.

It is possible, however, to formulate in a general manner a series of indications and recommendations capable of guiding the Council and

the Members of the League without restricting the freedom of the League's organs to judge at any time the best line of action to take, and without diminishing or increasing the rights and duties of the Members under the Covenant. Indications of this kind will be found summarized in the conclusions at the end of this memorandum.

Conclusions

212. The preparation of the military sanctions provided for in Art. 16 does not seem likely to promote mutual confidence between the states Members of the League of Nations unless at the same time various forms of pacific procedure suitable for the settlement of all international disputes are organized, and unless there is also a general agreement on the reduction and limitation of armaments.

213. In order to facilitate the application of Art. 16 in case of need, it is necessary to make a full and conscientious use of the other articles of the Covenant and especially of Art. 11. This article enables the Council to keep in touch with developments in a conflict and so to construct a basis for the decisions which it may be called upon to take under Art. 16.

214. It would be desirable to put an end to the uncertainty consequent upon the fact that several amendments to Art. 16, the majority dating from 1921, have not yet secured the necessary number of ratifications, either by securing their ratification in the near future or finally abandoning them.

215. It would be well that, in the event of resort to war, the Council should declare whether a breach of the Covenant has or has not taken place, and should state which of the two parties to the dispute has broken the Covenant.

216. In determining the aggressor the Council will find, among other factors helping it to form a judgment, a valuable indication in the extent to which and the manner in which the parties to the dispute have promoted the action previously taken by the Council in application of the articles of the Covenant, and especially of Art. 11, to maintain peace.

217. Apart from the recommendations provided for in paragraph 2 of Art. 16 concerning participation in military sanctions, it would be desirable for the Council in some cases to make recommendations to the Members regarding the application of the measures of economic pressure mentioned in the first paragraph of Art. 16. In this eventuality, the Council could consult economic and financial experts in the countries specially concerned.

218. The study of the question of the financial assistance to be given to a state victim of an aggression should be pursued both from the technical and the political points of view. In carrying out this study, the possibility of providing assistance, even before Art. 16 is applied should be examined.

INDUSTRY, GOVERNMENTS AND LABOR

RECORD OF THE INTERNATIONAL LABOR ORGANIZATION 1919--1928

WORLD PEACE FOUNDATION PAMPHLETS
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APPENDIX 218

INDUSTRY, GOVERNMENTS AND LABOR

Record of the International Labor Organization, 1919–1928

I. ORIGIN AND ESTABLISHMENT

Demands of Labor during the War

"THIS is no longer a war; it is a crusade for human freedom,"[1] said Samuel Gompers, president of the American Federation of Labor, in the latter days of the World War. The statement was not only a conclusion, but a program. No previous war had made even comparable demands upon the lives of belligerent peoples, all of whom in 1914 were divided more or less sharply by the struggle for social betterment.

The sharp prewar division between the masses of labor and the managers of industry gave an added significance during the war to labor's interest in its outcome so far as it related to social reform. It only happened that the American Federation of Labor was first in the field to voice what a few years later became the unanimous demands of the organized workers in other parts of the world. In its convention at Philadelphia in November, 1914, the Federation in a resolution declared:[2]

> Whereas, Political experience shows that the welfare and the interests of all the people are promoted in proportion as they are represented in the government and the government is responsive and responsible to them, it is necessary that the workers have a will and an effective voice in determining international relations; and

[1] Samuel Gompers, *American Labor and the War*, p. vi.

[2] *Labor and the War. American Federation of Labor and the Labor Movements of Europe and Latin America*, p. 9–10.

Whereas, The workers of every age had special and imperative reasons for advocating and endeavoring to secure provisions insuring the maintenance of peace with justice, since upon them fall the burdens of actual warfare and the real fighting in the ranks, while the hardships and the suffering accompanying war following it are felt most keenly and most palpably by them and those dependent upon them, and the costs of war ever fall disproportionately upon their already inadequate resources; . . .

The resolution which followed expressed the necessity for the maintenance of fraternal relations between the national labor movements during the war and called for the preparation of a meeting for the taking of such action "as shall be helpful in restoring fraternal relations, protecting the interests of the toilers and thereby assisting in laying foundations for a more lasting peace." The Belgian, British, French and Italian labor movements pursued the same line of policy at a meeting in Paris on May 1, 1916.

The labor movements of the Allied countries in an International Labor Conference at Leeds, England, on July 6, 1916, declared "that the peace treaty which will terminate the present war and will give to the nations political and economic independence should also insure to the working class of all countries a minimum of guaranties of a moral as well as a material kind concerning the right of coalition, emigration, social insurance, hours of labor, hygiene and protection of labor." This declaration was followed by a statement of principles. On October 4, 1917, an International Trade Union Conference at Bern, in which the national labor movements of the central states and many European neutrals participated, took similar action.

When the United States entered the war, the increased industrial production led the Government of the United States to enter into regular negotiations with the American Federation of Labor for the provision of men for the various industries upon which maintenance of the conflict depended. The same situation existed in England and other belligerent countries. In England, there were more or less constant negotiations between the organized labor movement and

the Government to determine the limits of military conscription with a view to maintaining in the industries enough men capable of the extraordinary scale of production required by the conflict. A Memorandum on War Aims voted at the special conference of the British Labor Movement on December 28, 1917, dealt both with the political and the social results which the peace should establish.[1] This memorandum was a program of the labor movement for a meeting with representatives of the British Government in the Man-Power Conference, at which the list of certified occupations, on which exemption from military service was based, was to be revised. At that conference on January 5, 1918, Premier Lloyd George made a statement of British war aims which in large measure was repeated in different form by President Wilson on January 8 in the enunciation of the famous "Fourteen Points."

Finally on September 17–19, 1918, an Interallied Labor Conference in London voted a declaration of principles in which Wilson's "Fourteen Points" were indorsed *verbatim* and the following additional principles put forth:[2]

> The world is requiring tremendous sacrifices of all the peoples. Because of their response in defense of principles of freedom the peoples have earned the right to wipe out all vestiges of the old idea that the government belongs to or constitutes a "governing class." In determining issues that will vitally affect the lives and welfare of millions of wage-earners, justice requires that they should have direct representation in the agencies authorized to make such decisions. We therefore declare that —
>
> In the official delegations from each of the belligerent countries which will formulate the peace treaty, the Workers should have direct official representation:
>
> We declare in favor of a World Labor Congress to be held at the same time and place as the Peace Conference that will formulate the peace treaty closing the War.
>
> We declare that the following essentially fundamental principles must underlie the peace treaty:
>
> A league of the free peoples of the world in a common covenant

[1] World Peace Foundation Pamphlets, Vol. I, p. 117*ff*.

[2] *Labor and the War, American Federation of Labor and the Labor Movements of Europe and Latin America*, p. 286.

for genuine and practical cooperation to secure justice and therefore peace in relations between nations.

No political or economic restrictions meant to benefit some nations and to cripple or embarrass others.

No reprisals based upon purely vindictive purposes, or deliberate desire to injure, but to right manifest wrongs.

Recognition of the rights of small nations and of the principle, "No people must be forced under sovereignty under which it does not wish to live."

No territorial changes or adjustment of power except in furtherance of the welfare of the peoples affected and in furtherance of world peace.

In addition to these basic principles there should be incorporated in the treaty which shall constitute the guide of nations in the new period and conditions into which we enter at the close of the War, the following declarations fundamental to the best interests of all nations and of vital importance to wage-earners:

That in law and in practice the principle shall be recognized that the labor of a human being is not a commodity or article of commerce.

Involuntary servitude shall not exist except as a punishment for crime whereof the party shall have been duly convicted.

The right of free association, free assemblage, free speech and free press shall not be abridged.

That the seamen of the merchant marine shall be guaranteed the right of leaving their vessels when the same are in safe harbor.

No article or commodity shall be shipped or delivered in international commerce in the production of which children under the age of 16 years have been employed or permitted to work.

It shall be declared that the basic work day in industry and commerce shall not exceed eight hours per day.

Trial by jury should be established.

From this insistent and united claim of organized labor in the belligerent states to reap some benefit from the World War, the International Labor Organization was largely due.

The Need for Social Readjustment

Back of the wartime demands of the workers, however, was a nascent social philosophy which was making rapid

headway and which itself paved the way for the creation of a new method of international cooperation. The use of machinery in industry in the 19th century fundamentally changed the basis of civilization. Production was no longer limited to manual processes. Industry became organized in factories and their greater production resulted both in greater consumption and increased wants. Where in previous centuries employees bore a personal relation to their employer either by reason of the character of the work or of the small scale on which it was conducted, now factory production emphasized the distinction between employer and employee. The employer owned and controlled the means of production, but without the labor of the employee it became a useless possession. The worker in the new machine industry had to learn a new technique and the division of labor in the factory process presented problems unknown in the old craft system. A feeling of absolute ownership of the means of production began to characterize the employing class. Hostilities between the employer and the employee, who felt that returns of industry were inequitably divided, grew and labor organized into associations in order the better to forward its contentions.

For long there was slight understanding on either side of the mutual interests of the two groups. The employer declined to recognize, or had found no way of determining, the value of the employee in his undertaking other than the rule-of-thumb method of paying wages which, for one reason or another, he had to pay to secure the production for which he could find a market. The introduction of machinery was bitterly fought by the workers because they assumed that only a limited consumption was possible and that the increase of machinery would decrease the available work. Demands for elimination of bad conditions of labor took the form of strikes, the only weapon of defense known to organized labor, and retaliatory measures were sought by the employers. Not only the workers and their families but the general consuming public suffered.

The struggle continued for years, and as a result of it,

there grew up a broader social consciousness than had previously existed. National publics began to feel that there were standards of living which the community was interested in seeing maintained. The idea that some undertakings were "instinct with the public interest" became generally accepted. Various enterprises became recognized as public utilities, from which the owners were entitled to reasonable returns, but which they were not at liberty to conduct as they pleased. The promoters of many industrial and commercial undertakings saw advantages to the employer in contented employees. The general public insisted, through free expression of opinion, in passing judgment upon strikes. Above all, the public, employers, employees and new types of social scientists began to take the view that peace in industry was not only an important phase of the general welfare, but that failure to realize it represented a challenge to civilization.

All this lay behind the establishment of the International Labor Organization, which both expressed a general public feeling of social responsibility and consolidated the official action of states as it had developed in the 30 years prior to 1918.

International Protection of Labor

On May 10, 1881, the Swiss Government in an instruction to its diplomatic agents at Berlin, Vienna, Brussels, London and Rome directed them to inquire whether the Governments were disposed to enter upon negotiations for the legal protection of labor. The invitation was not then cordially received, but the passage of the German insurance laws of 1884 shortly after aroused general interest in welfare legislation. March 15, 1889, Switzerland renewed the suggestion; and this time, with German interest in the matter still further stimulated by a strike in the Ruhr district, better success was attained. The Governments of Germany, Austria, Belgium, Denmark, France, Great Britain, Hungary, Italy, Luxemburg, the Netherlands, Portugal, Russia, Spain, Sweden and Norway were approached. Great Britain and Italy reserved; Russia re-

fused; Germany, Denmark, Spain, Sweden and Norway did not reply; the others accepted. February 5, 1890, a formal invitation was issued by Switzerland to an international conference to be held at Berlin, March 15–29, 1890. Simultaneously two rescripts of the German Emperor appeared referring to the arrangements.[1] All the states originally invited by Switzerland, with the exception of Russia, were represented at the conference, which, however, resulted only in the formulation of a series of opinions.

Seven years later an international conference on labor legislation was held under private auspices at Zurich. The session of August 23–28, 1897, was followed by one at Brussels, September 27–30. A third private gathering was assembled at Paris, July 25–28, 1900, and at that time the International Association for Labor Legislation was organized. Chiefly under the direction of Stephan Bauer, it was for two decades an important factor in the international labor situation. The association met in the month of September at Basel in 1901, at Cologne in 1902 and at Basel in 1904.

This private initiative had stirred public opinion, the influential membership of the association having increased from 1,608 in 1901 to 3,080 in 1904. Yielding to this marshaling of public opinion and largely due to the efficient officers of the association, the Swiss Government made another effort at official action. May 8–17, 1905, an International Conference on the Protection of Labor was held at Bern. It occupied itself particularly with formulating conventions respecting the use of white phosphorus in the match industry and the employment of women in night-work. Projects were adopted and the next year were formally signed at a conference held in Bern, September 17–26. Austria-Hungary, Belgium, Denmark, France, Germany, Great Britain, Italy, Luxemburg, the Netherlands, Portugal, Spain, Sweden and Norway signed the convention respecting women. Germany, Denmark,

[1] For the texts and an account of the German internal situation, see Prince Bismarck, *The Kaiser vs. Bismarck*, p. 57*ff*.

France, Italy, Luxemburg, the Netherlands and Switzerland signed the convention respecting white phosphorus. Adhesion to both, however, became very general before the war, resulting in the passage of appropriate legislation in practically all countries.

On the day when the conventions were signed the International Association for Labor Legislation began its fourth congress at Geneva. At the next congress, held at Lucerne, September 28–30, 1908, the Association had acquired sufficient prestige for the Governments to participate in its deliberations. Austria, Baden, Belgium, Denmark, France, Germany, Hungary, Italy, Luxemburg, the Netherlands, Norway, Prussia, Saxony, Sweden, Switzerland, the United States of America and the Holy See sent official delegates. The questions discussed at the session were numerous and included reconsideration of the prohibition of night-work for women and of the use of white phosphorus in the match industry. Among the other subjects discussed were the prohibition of night-work for young women, home work, insurance of foreign workmen, lead and other industrial poisoning, legal limitation of the work day, regulation of work by children, execution of protective labor laws and the regulation of labor in compressed air. The association met in 1910 and 1912.

These meetings of the association paved the way for a third official conference which was held at Bern in September, 1913. That conference was held while political tension was acute and was considered a relative failure. It decided upon drafts of international agreements to prohibit the industrial night-work of workers under 16 and to establish a maximum working day of ten hours for women and young persons. The work of the conference proceeded in large part from memoranda and drafts submitted by the International Association for Labor Legislation, which were results of years of cooperation on the part of inspectors of labor, labor organizations, technical experts and public spirited employers. The final protocol of this conference reads as follows:

The delegates of the Governments of Germany, Austria-Hungary, Belgium, Spain, France, the United Kingdom, Italy, Norway, the Netherlands, Portugal, Sweden, and Switzerland met in Bern on September 15, 1913, at a conference to consider the regulation of the two questions of labor legislation contemplated in the circular note of the Swiss Federal Council, dated January 31, 1913. The undersigned delegates have agreed to request the Swiss Federal Council to present to the Governments concerned — with a view to such diplomatic negotiations as may seem good to them — the following proposals for the conclusion of international conventions, being the result of the deliberations of the conference.[1]

War Prevented Diplomatic Conference

It was planned to hold a conference of diplomats in September, 1914, to prepare the formal conventions decided upon the previous year. "The war mercilessly intervened; its work of destruction was a blow at the most important foundation that had hitherto been laid for the protection of labor, a blow struck at the very existence of labor legislation and, what is equivalent, its enforcement."

In these developments organized labor had participated very slightly. At the 1912 meeting the workmen's organizations expressed their views only at the preliminary discussion of the resolutions of the International Association for Labor Legislation, and were comparatively slightly represented. The German section of the association had only six representatives of labor organizations among 24 delegates, the French section two among 22 delegates, and the British four among 11. The resolutions and the experience of the labor organizations were, however, familiar to both the association and the diplomatic conferences. The association had in Professor Stephan Bauer of Basel a most efficient and devoted secretary-general, under whose direction many excellent scientific monographs were published. For some years it published a monthly bulletin giving the facts relating to its work from all parts of the world under five heads: international labor protection,

[1] Stephan Bauer, *International Labor Legislation and the Society of Nations*, p. 133 (U. S. Department of Labor, Bulletin No. 254).

national labor protection (laws, ordinances and parliamentary proceedings), resolutions of national and international congresses, and bibliography.

"The first phase of the war in almost all the belligerent countries led not only to a disregard of the labor protection agreement of 1906 with regard to night-work of women, but also to a breach of the national protective labor regulations relating to Sunday work and (to the exploitation of) female and juvenile labor. After the first year of war, however, a change began to make itself felt almost everywhere. Even in the war industries, where the glamour of higher wages increased so greatly the danger of bodily exhaustion from overwork, the breach of the regulations for the protection of labor was finally recognized to be an economic and technical blunder, for the overwork resulted in an obvious decrease of efficiency. Official inquiries in England made this so clear that on the basis of these experiences the Government of the United States, on the outbreak of war, expressly insisted upon the maintenance of existing labor standards. Thus these war experiences, collected with great care by technical experts, physicians and factory inspectors, became a warning for introspection on the part of war industry and state governments."

The Commission on International Labor Legislation

The Peace Conference which ended the World War opened at Paris on January 18, 1919. In the plenary session on January 31, the following resolution was passed: [1]

> That a commission, composed of two representatives apiece from the five great powers, and five representatives to be elected by the other powers represented at the Peace Conference, be appointed to inquire into the conditions of employment from the international aspect, and to consider the international means necessary to secure common action on matters affecting conditions of employment, and to recommend the form of a permanent agency to continue such inquiry and consideration in cooperation with and under the direction of the League of Nations.

[1] *Official Bulletin*, I, p. 1.

The commission provided for was made up as follows:[1]

United States of America: Samuel Gompers, president of the American Federation of Labor; Hon. Edgar N. Hurley, president of the United States Shipping Board. (Substitutes: Hon. Henry M. Robinson, Dr. James T. Shotwell, professor at Columbia University.)

The British Empire: The Rt. Hon. George N. Barnes, M.P., member of the War Cabinet. (Substitute: Harold B. Butler, C.B., assistant secretary, Ministry of Labor.) Sir Malcolm Delevingne, K.C.B., assistant under-secretary of state, Home Office.

France: M. Colliard, minister of labor. (Substitute: Arthur Fontaine, counsellor of state, Director of Labor.) Louis Loucheur, minister of industrial reconstruction. (Substitute: Léon Jouhaux, general secretary of the Confédération Générale du Travail.)

Italy: Baron Mayor des Planches, hon. ambassador, commissioner-general for emigration. Mr. Cabrini, deputy, vice-president of the Supreme Labor Council. (Substitute: Mr. Coletti.)

Japan: Mr. Otchiai, envoy extraordinary, minister plenipotentiary of his Majesty the Emperor of Japan at The Hague. Mr. Oka, formerly director of commercial and industrial affairs at the Ministry of Agriculture and Commerce.

Belgium: Emile Vandervelde, minister of justice and of state. (Substitute: Henri La Fontaine, senator.) Mr. Mahaim, professor at Liège University, secretary to the Belgian Section of the Association for the Legal Protection of Workmen.

Cuba: Antonio S. de Bustamante, professor at Havana University. (Substitutes: Raphael Martinez Ortiz, minister plenipotentiary; Mr. de Blanck, minister plenipotentiary.)

Poland: Count Zoltowski, member of the Polish National Committee, afterward replaced by Stanislas Patek, counsellor of the Court of Cassation. (Substitute: François Sokal, director-general of labor.)

Czechoslovakia: Edouard Béneš, minister for foreign affairs, afterward replaced by Rudolph Broz.

The commission held 35 sessions between February 1 and March 24, 1919. In that period it perfected what is usually identified as Part XIII of the treaty of Versailles.[2] The

[1] *Official Bulletin*, I, p. 1.

[2] Treaty of peace with Austria, Part XIII, Arts. 332–372; treaty of peace with Bulgaria, Part XII, Arts. 249–289; treaty of peace with Hungary, Part XIII, Arts. 315–355.

commission began by adopting as a basis for its work a draft convention submitted by the British delegation and reputed to be largely the work of Sir Malcolm Delevingne, Assistant Under-Secretary of State, Home Office, who "had worked on the problem for 20 years."[1]

Draft Scheme of Organization

The general scheme presented in this draft was finally adopted. There were, of course, many changes in language and many technical additions; but the important changes numbered only three:

1. Alteration from three to four in the number of representatives of each state in the Conference;
2. Complete change in the definition of the decisions to be taken by the Conference;
3. Addition of nine general principles recognized as of supreme importance for "the well-being, physical, moral and intellectual, of industrial wage-earners."

The International Labor Organization is a permanent institution of which the Members are the states which are Members of the League of Nations. It is established for the purpose of promoting peace, which the preamble states can be assured "only if it is based upon social justice." Since "the peace and harmony of the world are imperiled" by "conditions of labor involving such injustice, hardship and privation to large numbers of people as to produce unrest;" since the "improvement of such conditions is urgently required," and since "the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries," the states Members of the International Labor Organization have agreed to the convention. In doing this they assert that they are "moved by sentiments of justice and humanity as well as by the desire to secure the permanent peace of the world."

[1] Périgord, *The International Labor Organization*, p. xxvi.

Examples of the conditions urgently required to be improved are given as follows:

By the regulation of the hours of work, including the establishment of a maximum working day and week;

The regulation of the labor supply;

The prevention of unemployment;

The provision of an adequate living wage;

The protection of the worker against sickness, disease and injury arising out of his employment;

The protection of children, young persons and women;

Provision for old age and injury;

Protection of the interests of workers when employed in countries other than their own;

Recognition of the principle of freedom of association;

The organization of vocational and technical education.

The Organization consists of:

1. An annual General Conference;
2. The Governing Body of the International Labor Office;
3. The International Labor Office, which is a secretariat.

The most distinctive feature of the representative organs of the Organization is the character of their personal membership. The International Labor Office, as a Secretariat, is, of course, a group of international civil servants who do not have any quality of national or group representation. The Conference and the Governing Body of the Office have such a quality.

The fundamental difficulty in constructing a practical institution to deal with far-reaching social problems consisted of building its organs in such a way that their action would be responsible and that they themselves would be responsible to the different, and even antagonistic, elements of the respective national populations concerned with those problems. This fundamental difficulty was satisfactorily solved.

The solution consisted of giving the three interested

groups — governments (the public), employers and workers — fair representation in such a way as to make their decisions typically representative of group opinions. Specifically, the solution was that each state delegation to the annual sessions of the general Conference consist of four persons. Two of these represent the government as such, the theory being both that the government is itself representative of the collective interests of the national population and that the decisions can be made effective only by the organized Government. It is, accordingly, given 50% of the delegation. The other 50% is divided equally between representatives of the national employers and of the national workers, each group through their own organizations determining their delegates. Thus, every element of interest in each state — and every variety of national interest in the Conference itself — is given representation.

Adequate voice to these interests is assured by the voting system adopted, which is also an essential feature of the Organization. In official international gatherings the rule of unanimity has elsewhere prevailed. Under this rule, no decision is adopted unless it commands a unanimous affirmative vote, or at least unless no adverse vote is cast against the proposition. This rule is held to be a practical method of insuring the independence of states and preventing them from being bound by decisions not freely taken by themselves. As a consequence of this rule of unanimity, votes in other official conferences are unitary, that is, each state has one vote irrespective of the number of delegates which may represent it. In the annual session of the Labor Conference, each of a state's four representatives has an individual vote, cast in a representative capacity. As a consequence, any vote of the Conference is a very genuine expression of opinion on the merits of the issue by those present and voting. In order to insure this quality, it is provided that voting is void unless the total number of votes cast is equal to half the number of the delegates attending the Conference. On the other hand, in order to

avoid an obvious danger of packing votes in a system which divides delegates equally between the governmental and the nongovernmental, it is provided that all important decisions shall be determined by two-thirds of the votes cast by the delegates present.

The theory of this system was incorporated in the draft convention submitted to the commission of the Peace Conference. In that proposal each state delegation to the Conference was to be composed "of three representatives of each of the high contracting parties, of whom one shall be the government delegate and the others shall be delegates representing respectively the employers and work people of each of the high contracting parties." The two-thirds vote was necessary for decisions; but it was provided that "a government delegate shall be entitled to two votes, and a nongovernment delegate shall be entitled to one vote at any meeting of the Conference." The provision that "every delegate shall be entitled to vote independently (individually) on all matters which are taken into consideration by the Conference" was included from the outset.[1]

This arrangement was criticized in the early sittings of the commission. The British delegation submitted a memorandum [2] in defense of this voting scheme, which was eventually simplified by providing for two delegates to each Government so that the simple formula of one delegate, one vote, was maintained. The debate on this essential question was summarized in the report of the commission to the Peace Conference as follows:[3]

> Each delegate will vote individually (Art. 4). It was strongly felt by the Commission that if the Conference was really to be representative of all those concerned with industry and to command their confidence, the employers and workpeople must be allowed to express their views with complete frankness and free-

[1] *Official Bulletin*, I, p. 10. Secs. 3 and 4 of Chap. I of the draft convention; the text on second reading is at p. 97.

[2] *Ibid.*, I, p. 19.

[3] *Ibid.*, p. 261.

dom, and that a departure from the traditional procedure of voting by national units was therefore necessary. It was accordingly thought that the employers' and workpeople's delegates should be entitled to speak and vote independently of their Governments.

Some difference of opinion made itself felt on the Commission as to the relative numbers of the delegates representing the Governments, the employers and the workpeople respectively. The French, American, Italian and Cuban delegations contended that each of these three parties should have equal voting power. They maintained that the working classes would never be satisfied with a representation which left the Government and the employers combined in a majority of three to their one. In other words, the proposal amounted to giving the states a veto on the proceedings of the Conference which would create so much distrust of it among the workers that its influence would be seriously prejudiced from the start. This view was contested by the British, Belgian and other delegations, who pointed out that as the Conference was not simply an assembly for the purpose of passing resolutions, but would draw up draft conventions which the states would have to present to their legislative authorities, it was essential that the Governments should have at least an equal voice. Otherwise, it might often happen that conventions adopted by a two-thirds majority of the Conference would be rejected by the legislatures of the various states, which would have the effect of rendering the proceedings of the Conference nugatory and would quickly destroy its influence and prestige. The adoption of a proposal to which the majority of the Governments were opposed would not lead to any practical result, as the legislative authorities of the Governments whose delegates were in the minority would in all probability refuse to accept it. Moreover, it was likely, especially in the future, that the Government delegates would vote more often with the workers than against them. If this were so, it was obviously to the advantage of the latter that the Governments should have two votes instead of one, as it would render it easier for them to obtain a two-thirds majority, which under the Franco-American proposal would be practically impossible if the employers voted in a body against them.

The Commission finally decided by a narrow majority to maintain the proposal that each Government should have two delegates.

Governing Body [1]

The same balance of representation is maintained in the Governing Body of the International Labor Office which, to all intents and purposes, is the executive of the International Labor Organization as a whole. No change from the original draft was, however, made in its representation. It consists of 24 Members, 12 of whom represent Governments, 6 the employers of the world as a whole and 6 the workers of the world as a whole, the two latter groups being determined by the representatives of the corresponding interests in the Conference.

In the original draft, it was provided that the 12 Government representatives should be made up of five representatives of the Governments of Great Britain, United States, France, Italy and Japan, respectively, and of seven elected from the representatives of the other states by the Conference. This suggestion followed the principle newly adopted in the Rules of Procedure of the Peace Conference by which states were recognized as being entitled to representation in deliberations according to whether their interests were "general" or "limited." The principle was felt to be particularly appropriate for application in a postwar social institution, but it was not felt that the draft interpreted it correctly.

Accordingly, the commission eventually provided that 8 of the 12 Government representatives on the Governing Body should be nominated by the Member states "which are of the chief industrial importance," [2] the other four states to be nominated by the Government representatives acting for the other states in the Conference. The change was made in view of the fact that the states originally named possessed their status as "great powers" on account of political considerations, which were not necessarily sound criteria for determining either their importance or influence in social matters.

[1] For structure, see *infra*, p. 60

[2] For the method of determining these states, see p. 64.

Form of Conference Decisions

The fact that the constituent commission was designated as the "commission on international labor legislation" indicates accurately the point of view which was then held as to the objects to be attained. The annual session of the Conference was, of course, the medium by which agreement was to be reached and legislation harmonized. The success of the Organization obviously depended upon its ability to accomplish this task.

In view, however, of the diversity of social, economic, industrial, commercial, climatic and other conditions, the task was recognized to be extremely difficult. Even if the machinery for representing various interests served to harmonize points of view, there remained the serious factor of diversity of development which would render one subject of vital importance to one community and of minor or of no importance to another. The commission proceeded on the principle that no decisions of the Conference should be capable of lessening the protection afforded by national legislation to the workers concerned. It, therefore, might occur that a very desirable decision in a world-wide sense might have no interest for some states which had already realized its object. Further, it might have no interest for other states where the social problem involved had not yet emerged.

The original draft submitted to the commission provided that the Conference should determine its own agenda and that the proposals resulting therefrom "shall be embodied in the form of an international convention." When this convention, after final consideration, had received two-thirds of the votes cast, "it shall be held to be adopted by the Conference," and an authenticated copy deposited with the Secretary-General of the League of Nations. It was then provided that:[1]

Each of the high contracting parties undertakes that it will within the period of one year from the end of the meeting of the

[1] *Official Bulletin*, I, p. 13.

Conference communicate its formal ratification of the convention to the Director, and will forthwith take all steps necessary to put the convention into operation, unless such convention is disapproved by its legislature.

This simple and direct system, for such reasons as stated above, was found not to be practicable as it stood. The main lines of it were retained, but it was modified to take into account the complicated differences referred to. As the treaty was adopted, the decisions of the Conference never take the form of an actual international convention. Those which are intended by the Conference to be internationally binding upon states are given the form of draft conventions and do not become formal treaties until sufficient ratifications have been made to bring them into force.

Another type of decision is also recognized in "recommendations." These are "to be submitted to the Members for consideration with a view to effect being given to [them] by national legislation or otherwise." These serve as guide-posts to action or policy and have been found to weigh heavily in international life in favor of the harmonizing of national practice on the subjects with which they deal.

By such technical forms, the commission produced a system which constantly both encourages progress in social organization and avoids unnecessary diversity in national practices. Furthermore, it was finally laid down as a general rule that recommendations or draft conventions shall be framed "with due regard to those countries in which climatic conditions, the imperfect development of industrial organization or other special circumstances make the industrial conditions substantially different." The Conference suggests modifications which it considers may be required to meet the case of such countries, and this duty has on numerous occasions caused the inclusion in draft conventions of special provisions affecting specific countries.

It will be perceived that this system is intended to make agreement upon vastly complicated subjects as easy as possible.

Additional details of the treaty afford still more elasticity. Member states are only under the obligation to "bring the recommendation or draft convention before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action." This submission is to take place within one year from the closing of the session of the Conference or at most within 18 months from that date. If a state formally ratifies the document, the convention becomes part of its treaty engagements, but it is not precluded from incorporating the substance of the draft convention in its national legislation or regulations, thus giving it practical effect without formally assuming an international obligation to that end.

Considerable difficulty arose in the commission with respect to federal states in which the units of the federation possess a legislative autonomy that frequently applies exclusively to labor and social matters. This condition was particularly true of the United States, where the regulation of labor matters is almost entirely within the jurisdiction of the individual states, and where, as a consequence, the federal government itself could not take engagements binding upon the separate states, unless it happened to be true that all the states had enacted identical legislation. Federal states like Brazil, Germany, Switzerland and Venezuela would encounter somewhat the same difficulty. With a view to keeping progress on as definite a basis as possible, it was provided that federal states should in their own discretion treat draft conventions to which their federal limitations applied as recommendations only.

The recommendations are what they purport to be, a sort of formal advice of the direction in which progress should be sought. Being drawn up by a conference in which both Governments and their citizens are represented, a recommendation already represents a considerable consensus of practical opinion. It was, therefore, deemed

desirable that states should inform the Secretary-General of the League of Nations of the action taken on the subject matter.

As a consequence of this rather elaborate system, the Conference has proved to be an effective means of producing progress in the wide field of its action either by international agreement or national laws or regulations developed in the light of world-wide study of the subject matter.

General Principles

Labor interests before and during the World War were especially anxious to establish a series of general statements which might be regarded as an "international labor charter." The draft originally submitted to the commission contained nothing of that sort. In the course of its deliberations, however, delegates of the United States, Belgium, the British Empire, Cuba and Italy submitted texts for such clauses. These various proposals were debated at considerable length, for each of the items inherently possessed wide implications. Some points were eventually omitted by the commission; all were debated extensively.

The draft articles of the treaty and a resolution embodying the statements of principle were presented to a plenary session of the preliminary Peace Conference on April 11, 1919. In bringing the work of the commission before the Conference George N. Barnes of the British Empire referred to both documents, and, after explaining the results obtained by the commission, said:[1]

> I now come to the resolutions. It was felt by the commission that it was not sufficient to deal only with machinery. Great hope has been expressed — has been raised in different countries. We were told that something of a direct nature would be done here in Paris by the peace-makers to make industrial as well as military peace. Of course it was not within our competence to deal specifically or in detail with anything of that kind, nor should I say, Mr. Chairman, is it within the competence even of this Conference

[1] *Official Bulletin*, I, p. 291.

to lay down industrial changes for adoption by affiliated states. Still the commissioners were so much impressed with the need for giving expression to some fundamental principles that they have adopted nine resolutions, each one of them having been adopted by a majority of two-thirds. Those are now before you for adoption or otherwise.

At that session the articles of the treaty were unanimously adopted, subject to necessary drafting changes. The nine resolutions of general character were not reached. Difficulties had already arisen with regard to the drafting of the statements. Mr. Barnes unsuccessfully sought an agreement on a redraft. Sir Robert L. Borden of Canada then took the matter in hand, and at the plenary session of the preliminary Peace Conference on April 28 was able to report a form which he characterized as containing no alterations in substance, but which involved a new arrangement and different phraseology, both of which had received the approval and indorsement of representatives of all important industrial communities. He submitted the original resolutions and then moved the altered text as an amendment. His motion was unanimously adopted. For the sake of comparison, the final text and that reported from the commission are appended in parallel columns, so that they may be read in juxtaposition:

Text Adopted	Commission Text
The High Contracting Parties, recognizing that the well-being, physical, moral and intellectual, of industrial wage-earners is of supreme international importance, have framed a permanent machinery associated with that of the League of Nations to further this great end.	The High Contracting Parties declare their acceptance of the following principles and engage to take all necessary steps to secure their realization in accordance with the recommendation to be made by the International Labor Conference as to their practical application:
They recognize that differences of climate, habits and customs, of economic opportunity and industrial tradition, make strict uniformity in the conditions of labor difficult of immediate attainment.	

But, holding as they do that labor should not be regarded merely as an article of commerce, they think that there are methods and principles for regulating labor conditions which all industrial communities should endeavor to apply, so far as their special circumstances will permit.

Among these methods and principles the following seem to the High Contracting Parties to be of special and urgent importance:

First. — The guiding principle above enunciated, that labor should not be regarded merely as a commodity or article of commerce.

1. In right and in fact the labor of a human being should not be treated as merchandise or an article of commerce.

Second. — The right of association for all lawful purposes by the employed as well as by the employers.

2. Employers and workers should be allowed the right of association for all lawful purposes.

Third. — The payment to the employed of a wage adequate to maintain a reasonable standard of life, as this is understood in their time and country.

4. Every worker has a right to a wage adequate to maintain a reasonable standard of life having regard to the civilization of his time and country.

Fourth. — The adoption of an eight-hours' day or a 48-hours' week as the standard to be aimed at where it has not already been attained.

7. Limitation of the hours of work in industry on the basis of eight hours a day or forty-eight hours a week, subject to an exception for countries in which climatic conditions, the imperfect development of industrial organization or other special circumstances render the industrial efficiency of the workers substantially different.

The International Labor Conference will recommend a basis approximately equivalent to the above for adoption in such countries.

Fifth. — The adoption of a weekly rest of at least 24 hours, which should include Sunday wherever practicable.

6. A weekly rest, including Sunday, or its equivalent for all workers.

Sixth. — The abolition of child labor and the imposition of such limitations on the labor of young persons as shall permit the continuation of their education and assure their proper physical development.

3. No child should be permitted to be employed in industry or commerce before the age of fourteen years, in order that every child may be insured reasonable opportunities for mental and physical education.

Between the years of fourteen and eighteen, young persons of either sex may only be employed on work which is not harmful to their physical development and on condition that the continuation of their technical or general education is insured.

Seventh. — The principle that men and women should receive equal remuneration for work of equal value.

5. Equal pay should be given to women and to men for work of equal value in quantity and quality.

Eighth.[1] — The standard set by law in each country with respect to the conditions of labor should have due regard to the equitable economic treatment of all workers lawfully resident therein.

8. In all matters concerning their status as workers and social insurance foreign workmen lawfully admitted to any country and their families should be insured the same treatment as the nationals of that country.

Ninth. — Each state should make provision for a system of inspection, in which women should take part, in order to insure the enforcement of the laws and regulations for the protection of the employed.

9. All states should institute a system of inspection in which women should take part, in order to insure the enforcement of the laws and regulations for the protection of the workers.

Without claiming that these methods and principles are either complete or final, the High Contracting Parties are of opinion that they are well fitted to guide the policy of the League of Nations; and that, if adopted by the industrial communities who are members of the League, and safeguarded in practice by an adequate system of such inspection, they will confer lasting benefits upon the wage-earners of the world.

[1] This text was suggested by President Wilson to Henry M. Robinson of the American delegation in a note of April 23, 1919 (Paul Périgord, *The International Labor Organization*, p. 28).

Early Growth

The Governments represented in the Paris Peace Conference were anxious to make peace, but never had any serious idea that that could be done except by bringing treaties into force by the ordinary processes of ratification.

Their ideas respecting the social problems which the International Labor Organization was designed to solve, however, were entirely different. There was a widespread conviction among the delegates and throughout the interested publics that the re-establishment of social stability was endangered by a growing prospect of social revolution. Evidence such as the sharp shift of Germany from a monarchical régime to an ultra-democratic one after the armistice was not lacking to give point to this fear.

At any rate, it was generally agreed that the quicker something was done for the worker the better. As a consequence, one of the transitory treaty provisions was that the first meeting of the International Labor Conference should take place in October, 1919, without any reference as to whether or not the treaty itself should be in force. The place was named as Washington, and the Government of the United States requested to convene the Conference. As to the work to be done, the application of the 8-hour day and prevention or provision against unemployment were the two things on which a solution was regarded as most pressing.

As a matter of fact, the First Session of the Conference was held before the treaty provisions under which it was conducted were in force. While the Conference was in session at Washington, the tense debate on the American attitude toward the treaty of Versailles and entrance into the League of Nations was in its most critical stage and the sessions ended ten days after the failure of the Senate to advise and consent to ratification.

The immediate convening of the First Session of the Conference resulted in very early preparations for the establishment of the International Labor Organization. At the session of the Peace Conference on April 11, 1919, at which

the treaty provisions and the agenda of the Washington Conference were adopted, the Peace Conference instructed its Secretary-General to request the Governments of the United States, Great Britain, France, Italy, Japan, Belgium and Switzerland to form the International Organizing Committee of the Washington Conference.[1] This committee not only undertook the task of preparing for the work of the Conference, but also found it necessary to study the problem of organizing the International Labor Office and of determining the entire groundwork of the Organization. The committee prepared memoranda on the various problems involved. Arthur Fontaine of France acted as chairman of the Organizing Committee and Harold B. Butler of Great Britain as its secretary.

One of the important constitutional decisions to be taken by the Conference was that relating to the appointment of the Governing Body of the International Labor Office. The Organizing Committee for the Washington Conference had decided that the determination of the eight states of chief industrial importance which would nominate representatives to the Government Group were determinable on the basis of fact only through statistical information and, as a consequence, had sent out a questionnaire designed to provide the requisite data. From the information thus obtained, the Organizing Committee had settled upon the states included in that group. The Government Group in the First Session of the Conference on November 23, 1919, selected the other four. The Employers' and Workers' Groups of the Conference made their nominations at the same time. As a consequence, the personnel of the Governing Body was completed, and it was able to hold a meeting on November 27, 1919. The First Session of the Conference authorized the Governing Body "to take such measures as may be necessary to render the resolutions of the Conference effective." This resolution has remained effective ever since, and as a consequence the Governing Body has taken on the character of an executive committee.

[1] *Official Bulletin*, I, p. 394.

International Labor Office[1]

While considerable preliminary work had been done looking toward the establishment of the International Labor Office as the secretariat of the Organization, it constitutionally devolved upon the Governing Body to set it up. Much exploration of the duties of the Office had been undertaken and tentative plans for its division into sections had been worked out. The immediately important question was to determine the scale of salaries, aid in this respect being given by the Secretariat of the League of Nations, which was already functioning in a preliminary way.

The Governing Body at its meeting on November 27, 1919, appointed Albert Thomas, a member of the French Cabinet during the war period, as the provisional Director of the International Labor Office, and intrusted to him the further elaboration of plans. At the Second Session of the Governing Body, it forwarded the organization of the Office by the permanent appointment of Mr. Thomas as Director on January 27, 1920, and passed financial votes enabling him definitely to undertake the establishment of the personnel.

The original nucleus of the Office was established in the Hotel Astoria in Paris by courtesy of the French Government in January, 1920. At the Second Session of the Governing Body Mr. Thomas was able to present a detailed memorandum as to the organization of the Office, and in this connection the Governing Body appointed a Committee on Organization to guide the development of the institution. The Director, without delay, appointed Harold B. Butler, formerly of the British Ministry of Labor, Deputy Director, and under them the development of the staff proceeded.

The Office was transferred to London immediately after the Second Session of the Governing Body, and on June 8 the Governing Body approved the scheme of organization which had been evolved through the adoption of a report

[1] For structure see *infra*, p. 74.

made by its own committee. On July 14, 1920, the Office was established in the Collège Thudichum at Geneva, where the development of the Office in connection with its various activities as a secretariat and informational collecting agency and as an administrative body continued. On June 6, 1926, the new building of the Office was inaugurated, and it has since occupied the only structure erected by funds contributed by the Governments of the world.

Scope of the Organization

The treaty articles do not specify definitely the types of labor with which the Organization is to concern itself. There are, however, indications throughout the articles, and particularly in the general principles, which indicate that the condition of industrial workers was chiefly on the mind of the Paris commission; the nine general principles were framed with particular reference to industrial wage-earners. On the other hand, the preamble to the articles is phrased in very general terms and emphasizes the general object of attaining social justice, as well as making specific reference to certain labor conditions. There was, however, nothing in the constitution of the Organization itself which limited the scope of its activities to any particular type of work. As a consequence, the activities of the Organization have touched upon the conditions of various types of labor, and in 1928 four of these are clearly differentiated: (1) Industrial, (2) commercial, (3) agricultural, (4) intellectual.

(1) Industrial labor has been dealt with in some detail in several draft conventions adopted by the Conference, the term "industrial undertakings" being stated to include particularly:

(*a*) Mines, quarries, and other works for the extraction of minerals from the earth.

(*b*) Industries in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are trans-

formed; including shipbuilding and the generation, transformation, and transmission of electricity or motive power of any kind.

(*c*) Construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbor, dock, pier, canal, inland waterway, road, tunnel, bridge, viaduct, sewer, drain, well, telegraphic or telephonic installation, electrical undertaking, gas work, waterwork, or other work of construction, as well as the preparation for or laying the foundations of any such work or structure.

(*d*) The transport of passengers or goods by road, rail, sea or inland waterway, including the handling of goods at docks, quays, wharves or warehouses, but excluding transport by hand.

(2) Commercial undertakings are defined in the draft convention concerning the employment of women before and after childbirth and in other draft conventions as comprising "any place where articles are sold or where commerce is carried on." It devolves upon the competent authority in each state "to define the line of division which separates industry from commerce and agriculture."

(3) Agricultural undertakings have not been strictly defined, but it is obvious that their salient distinction consists of essential dependence upon the use of land as a means of production.

(4) Intellectual workers have come within the purview of the Organization as a result of fairly recent developments. When the treaty articles were drawn up, intellectual workers were not generally organized. In the interval, they have come together both in national and international associations. As a result, persons whose work is dependent upon their heads rather than upon their physique — and not generally including professional specialists — have encountered a good many problems, the solution of which they desire on an international scale. As a consequence, the Inter-

national Labor Organization is now definitely considering questions involving intellectual workers as such.

Policy of Organization

The International Labor Organization is an institution where the conflict of interests is constant. No other official international institution touches so closely, and at so many points, the details of ordinary life. Practically every subject it considers has an economic phase. Practically every subject before it involves change in the established habits of administrators, employers or workers. Inevitably, points of view touching so nearly the daily life of peoples are tenaciously advocated or opposed. The International Labor Organization, therefore, has been the forum for contests more vigorous than is customary in international gatherings.

In the long run, the results of the Organization are digested into the draft conventions and recommendations of the Conference. The fact that 27 draft conventions and 30 recommendations were adopted between 1919 and 1928, upon subjects almost without exception of a controversial character, is an indication of considerable success.

The International Labor Organization from the outset has adopted the policy of meeting criticism frankly. When it first began, a considerable body of opinion developed around the idea that the Organization, and especially the Office, was a radical institution for the fostering of socialism. Some Governments gave voice to such criticism.

The Director of the Office in his Annual Report carefully collects and comments upon criticism of the Organization from whatever source. In the same report a review of general social and economic conditions is given, as well as a summary of national attitudes toward the Organization throughout the world. The report is fully debated at each session of the Conference. The report itself is expository, but the debate in the Conference may be argumentative. As a result of this very frank facing of criticism of whatever

character, an understanding of the real objects of the Organization has spread throughout the world, and the 1928 Report of the Director records that misunderstanding is apparently a thing of the past. He says:[1]

> It is unnecessary to open this chapter with the same remarks as have been made in preceding years. No one any longer thinks of criticizing the Office's publicity work for the principles of Part XIII of the treaty, for making the Office's work better known, or for developing relations with organizations or individuals who are working for social justice. It is now generally agreed that the international machinery . . . would be of no use if the united goodwill of individuals and peoples did not keep it running. Nor is it any longer necessary to reply to those critics who think it their duty to stimulate the Office's zeal and who regard its efforts in the direction of publicity as insufficient. At the beginning, the very formation of a Relations Division in the Office was criticized; but to-day the warmest friends of the Office are inclined to think that it is not sufficiently active.

The Director in his Annual Report of 1928 reviewed the difficulties which the Organization had encountered in making itself understood and was able to state that its activities were no longer in dispute, while all Member states, whatever their form of government or the political parties in power might be, were giving full support to the objects of the Organization and cooperating actively in its program. He said:

> In the first place, it is noteworthy that the present Report,[2] unlike some of its predecessors, contains hardly any mention of any dispute, legal case, or controversy on any of the regular activities of the International Labor Office. Such a statement could not be made on the record of some previous years. To begin with, the employers were disturbed over the inquiry into production.[3] A year ago, however, their representatives were as convinced as anyone else of the real connection between economic and labor prob-

[1] *Report of the Director*, 1928, p. 53.

[2] *Annual Report of Director*, 1928.

[3] *Enquiry into Production.* I. Introductory Memorandum. II. General Report. (French only.)

lems. Then there was the dispute as to the competence of the Office in the matter of agricultural labor. Later the 1927 report to the conference had to refer to and comment on the decision of the Permanent Court of International Justice on the question of the night work of master bakers. At present, however, the Court has no question on its list relating to the International Labor Organization. Then, again, there were certain misgivings or apprehensions as to the way the Office might develop. Some apprehension was felt, for example, for the sovereignty of the states Members, it being feared that the Organization might tend to set itself up as a super-state. In distant countries, too, certain statesmen were afraid that the Organization might go too far in carrying out its work on behalf of the workers, and be carried away from its proper path by the claims of organized labor. Or others were afraid the Office might lend itself to dangerous and compromising propaganda. Others felt some anxiety at the pace at which the Conference was working and desired to see it slowed down.

It may now be said that eight years' activity has dissipated many prejudices and allayed many apprehensions. The Organization appears to have established its right to exist in a world which it seeks to help to reorganize on the basis of principles of justice. It has had no need to abandon any of its prerogatives or any of its functions; its activities are no longer disputed. Whatever divergences of opinion may exist among its states Members, they all cooperate unreservedly and with equal devotion in its work.

II. STRUCTURE OF THE ORGANIZATION

1. Membership

BY Art. 387 of the treaty "the original Members of the League of Nations shall be the original Members of this Organization, and hereafter membership of the League of Nations shall carry with it membership of the said Organization." By Art. 422 of the treaty the First Session of the Conference took place in Washington in October, 1919, before the treaty was actually in force and before the League of Nations officially came into being on January 10, 1920. The Government of the United States was designated to issue the invitations to the First Session of the Conference, and it issued them to the 45 states mentioned in the annex to the Covenant. The Organization regards states as Members from the date of their admission to the League of Nations. From that date their privileges and responsibilities run.

MEMBERS OF THE INTERNATIONAL LABOR ORGANIZATION, MARCH 31, 1928—55

ABYSSINIA	Sept. 28, 1923	CZECHOSLOVAKIA	Jan. 10, 1920
ALBANIA	Dec. 17, 1920	DENMARK	Mar. 8, 1920
ARGENTINA	July 18, 1919	DOMINICAN REPUBLIC	Sept. 29, 1924
AUSTRALIA	Jan. 10, 1920	ESTONIA	Sept. 22, 1921
AUSTRIA	Oct. 30, 1919	FINLAND	Nov. 17, 1919
BELGIUM	Jan. 10, 1920	FRANCE	Jan. 10, 1920
BOLIVIA	Jan. 10, 1920	GERMANY	Oct. 30, 1919
BRAZIL [1]	Jan. 10, 1920	GREECE	Mar. 30, 1920
BRITISH EMPIRE	Jan. 10, 1920	GUATEMALA	Jan. 10, 1920
BULGARIA	Dec. 16, 1920	HAITI	June 30, 1920
CANADA	Jan. 10, 1920	HONDURAS	Nov. 3, 1920
CHILE	Nov. 4, 1919	HUNGARY	Sept. 18, 1922
CHINA	July 16, 1920	INDIA	Jan. 10, 1920
COLOMBIA	Feb. 16, 1920	IRISH FREE STATE	Sept. 10, 1923
CUBA	Mar. 8, 1920		

[1] Brazil has not withdrawn from the International Labor Organization as it has from the League of Nations.

Italy	Jan. 10, 1920	Poland	Jan. 10, 1920
Japan	Jan. 10, 1920	Portugal	Apr. 8, 1920
Latvia	Sept. 22, 1921	Rumania	Apr. 7, 1920
Liberia	June 30, 1920	Salvador	Mar. 10, 1920
Lithuania	Sept. 22, 1921	Serb-Croat-Slovene State	Feb. 10, 1920
Luxemburg	Nov. 24, 1919	Siam	Jan. 10, 1920
Netherlands	Mar. 9, 1920	South Africa	Jan. 10, 1920
New Zealand	Jan. 10, 1920	Spain	Jan. 10, 1920
Nicaragua	Nov. 3, 1920	Sweden	Mar. 9, 1920
Norway	Mar. 5, 1920	Switzerland	Mar. 8, 1920
Panama	Jan. 10, 1920	Uruguay	Jan. 10, 1920
Paraguay	Dec. 26, 1919	Venezuela	Mar. 3, 1920
Persia	Nov. 21, 1919		
Peru	Jan. 10, 1920		

Special circumstances have attached to the membership of certain states. Notes of the more significant of these are given below:

Finland. Finland on September 23, 1919,[1] in a letter to the president of the Peace Conference raised the question of its admission to the First Session of the Labor Conference. The Supreme Council on October 2 left the matter to the decision of the Conference. Finland was neither mentioned in the annex to the Covenant of the League nor was it an ex-enemy state. In the Washington Session of the Conference majority and minority reports were submitted on the subject of its admission. On November 13, 1919, the Conference unanimously adopted a resolution which, "without passing on the question of principle," invited the Finnish delegates to take part "on the same conditions as obtain in the case of other countries which have not adhered to the Covenant of the League of Nations." Finnish delegates took their seats on November 17, 1919.[2]

In the second session of the Conference a report of the credentials committee admitting a Finnish delegation consisting of Government delegates only was unanimously accepted. The failure of the workers to appoint delegates was stated to be because of their refusal to participate in a

[1] *Official Bulletin*, I, p. 406.

[2] *Ibid.*, p. 573–586.

conference "which is organized by capitalists." Finland was admitted to membership in the League of Nations on December 16, 1920, and thereafter no essential question as to its membership arose.

Germany and Austria. The discussions of the Commission on International Labor Legislation of the Peace Conference made it clear that there was considerable opinion in favor of the adhesion of neutral and ex-enemy states to the labor convention. During the exchanges between the German delegation and the Peace Conference, the Berlin Government on May 10, 1919, submitted proposals for "an international workers' charter"[1] and considered that it was "necessary that all states without exception should adhere to the convention."[2] The reply of the Supreme Council did not commit itself on this suggestion, but a Labor Committee of the Peace Conference, to which it was referred, recommended that Germany should be admitted immediately after the Washington Conference. On September 11, 1919, the Supreme Council decided that the admission of German and Austrian delegates to the Washington Conference should be left to the decision of the Conference itself. On October 30, 1919, the Conference, by a vote of 74 for 1 against and 1 abstention,[3] voted that "Germany and Austria are hereby admitted to membership in the International Labor Organization with the same rights and obligations possessed by the other members." Neither state sent delegations to the Washington Conference, but since have participated fully in the work of the Organization.

Luxemburg. The Supreme Council on October 13, 1919, addressed a letter to the Organizing Committee of the International Labor Conference leaving the admission of Luxemburg to the decision of the Conference. The Washington Session of the Conference passed a resolution to the effect that no recommendation was necessary since Lux-

[1] *Official Bulletin*, I, p. 309.

[2] *Ibid.*, p. 569.

[3] *International Labor Conference, First Annual Meeting*, p. 21, 26.

emburg itself had not applied for admission. Subsequently, a telegram from the Luxemburg Government asking for admission was received, and on November 24, 1919, the Conference was opened to Luxemburg on the same terms as Finland, though it then sent no delegates. Luxemburg became a member of the League of Nations on December 16, 1920.[1]

Salvador. On April 12, 1920, the Office invited the Government of Salvador among others to nominate persons for the Commission of Inquiry provided under Art. 412 of the treaty. On June 26, that Government replied that "although it has adhered to the Covenant of the League of Nations, which forms an integral part of the treaty of Versailles, it does not consider itself bound by the said treaty . . . and consequently does not consider itself bound to fulfill the obligation proposed by Art. 412 of the said treaty." In a reply dated September 28, 1920, the Office pointed out "that the International Labor Organization forms part of the organization of the League of Nations, and that it is explicitly mentioned in the Covenant." The Office cited Art. 23,a, of the Covenant by which the Members of the League "will endeavor to secure and maintain fair and humane conditions of labor for men, women and children . . . and for that purpose will establish and maintain the necessary international organizations."

Salvador was represented in the First Assembly of the League of Nations, and its delegation did not then oppose the passing of the budget, including the appropriations for the International Labor Organization. On May 10, 1921, however, that Government objected in a letter to the Secretary-General of the League to the budget quotas assigned to it. This objection was directed at the budgets made up before Salvador was a Member of the League, at contributing to the budget for the International Labor Organization, and at the inclusion in its share of any amounts expended under Art. 24 of the Covenant, which

[1] *Official Bulletin*, I, p. 586.

provides that the expenses of the Secretariat may include those of international bureaus or commissions.

The Council of the League considered these questions and referred them to the Assembly. A subcommittee of the First Committee of the Third Assembly examined the claims in detail and concluded that the Covenant of the League placed states accepting it under the obligation to bear the expenses of the Labor Organization. The Assembly on December 29, 1922, passed a resolution[1] transmitting to the Council the report of the subcommittee, which expressed the following opinion:[2]

1. That the expenses of the Labor Organization as determined by Art. 399, par. 2, of the treaty of Versailles should be included among the expenses of the League and be borne by all its members, including Salvador, in the proportions established by Art. 6 of the Covenant.

In subsequent negotiations, the budgetary quota of Salvador was altered, but no further question on the contribution on behalf of the Organization was raised.

Nonmembers

Withdrawal from League. As a technical matter, it does not necessarily follow that withdrawal from the League of Nations involves withdrawal from the Organization. However, in the case of Costa Rica, which withdrew from the League of Nations on December 31, 1926, the Organization thereafter omitted it from its list of members since it had ceased to take any effective part in the Organization. The report of the Director for 1928[3] noted that, "apart from the formal declaration by the Government of Costa Rica, there is no authority competent to pronounce that this state has ceased legally to belong to the International Labor Organization."

[1] *Resolutions and Recommendations adopted by the Assembly during its Third Session*, p. 13.

[2] *Official Bulletin*, VI, p. 449.

[3] *International Labor Conference, 11th Sess., Report of the Director*, p. 5, note.

Brazil's withdrawal from the League involved no change in its relation to the Organization.

Cooperation. The states nonmembers of the International Labor Organization differ widely in social and industrial conditions. The Organization itself, in its quest for information and as a result of its desire to present the evidence of experience everywhere, has continuously sought information from them and has usually had an adequate response. From year to year this cooperation has increased. The following notes record the special character relations with certain of the nonmembers.

United States. The United States did not become a Member of the International Labor Organization because of failure of the Senate to advise and consent to the ratification of the treaty of Versailles. The precise question was not debated, but one of the reservations which was voted by a majority of the Senate provided that the United States withheld its assent to Part XIII "unless Congress by act or joint resolution shall hereafter make provision for representation in the Organization."

The United States Government since 1921 has made increasing use of the publications of the Office and has participated frequently in committees which concern its interests. Employers and workers in the United States have maintained extensive relations with the Office, and a number of American citizens are members of committees appointed by the Governing Body. Both the Government and national associations contribute freely to the information collected by the Office.

Soviet Union. The Office has followed the development of the communist régime in the Soviet Union with considerable care. That experiment was a necessary one to watch in connection with the broad purposes of the Organization. Special investigations of labor and economic conditions in the Soviet Union have been made. At the outset, the Employers' Group was particularly fearful of the effect of Bolshevist theory, but the objective studies have proved very useful to all concerned. On the other

hand, the Soviet authorities have more and more freely submitted information to the Office for its compilations.

Mexico. The revolution which resulted in the present constitution of Mexico was social in character. The objects of the Mexican Government since 1917 have in large measure been aimed at securing social justice for the population of the country. On several occasions between 1920 and 1924 under the presidency of General Obregon discussions or soundings took place with a view to Mexican participation in the work of the Organization. Actual discussions of the subject occurred in 1922. Questions such as the recognition of the Government and the land reform within the country overshadowed these efforts. When President Calles took office in 1924, he sent a representative to Geneva to get into touch with the Office and to discuss the means by which Mexico could collaborate with it. The Mexican minister at Rome, Señor Nieto, at that time made a thorough investigation of the work of the Organization and was much impressed with the desirability of Mexican membership. In its session of January, 1925, the representative of the Workers' Group asked the Governing Body whether it did not think the time had come to invite Mexico to apply for admission. The discussion which ensued revolved around the legal question as to whether the Conference could decide to admit a state which was not a Member of the League of Nations. Subsequently, in the 26th session it was deemed not expedient to ask for an Advisory Opinion from the Permanent Court of International Justice on this point, but that it would be desirable to continue negotiations with the Mexican Government with a view to securing its participation in the Conference, while no positive further action has been taken.

Observers at Conference. During the Eleventh Session of the Conference observers on behalf of the Governments of Ecuador and Turkey attended.

Budgetary Expenditure

The budgets of the International Labor Organization have been as follows:

1. May 5, 1919–June 20, 1920 [1]	£60,305 19s. 2d.
	Gold Francs (Swiss)
2. April 1–December 31, 1920 [2]	3,250,000
3. January 1–December 31, 1921 [3]	7,000,000
4. January 1–December 31, 1922	6,135,610
5. January 1–December 31, 1923	8,200,462
6. January 1–December 31, 1924:	
Ordinary expenditure	6,917,295
Capital expenditure	115,000
7. January 1–December 31, 1925:	
Ordinary expenditure	7,210,595
Capital expenditure	130,000
8. January 1–December 31, 1926:	
Ordinary expenditure	7,039,938
Capital expenditure	75,000
9. January 1–December 31, 1927:	
Ordinary expenditure	7,340,724
Capital expenditure	91,000
10. January 1–December 31, 1928:	
Ordinary expenditure	7,888,470
Capital expenditure	70,000

The Governing Body in its 39th session reported budget estimates for the year 1929 in the amount of 8,494,780 gold francs. Léon Jouhaux, Workers' Group, at that time made a statement to show how insignificant in relation to total national expenditures were the contributions of states Members to the expenses of the International Labor Organization. He gave the following percentages: Germany, 0.005; Australia, 0.011; Austria, 0.007; Great Britain, 0.004; Belgium, 0.014; France, 0.007; Italy, 0.009; Japan, 0.011; Netherlands, 0.011; Sweden, 0.013; Czechoslovakia, 0.014. Reverting to the same subject in the 13th

[1] *League of Nations. Records of the First Assembly, Meetings of the Committees*, Vol. II, p. 116.

[2] *Ibid.*, p. 118.

[3] *Ibid.*, p. 143.

sitting of the Eleventh Session of the Conference, he stated that German national defense expenditures amounted to 7.52%, while the expenditures for the League of Nations and the International Labor Organization amounted to 0.16%. For Great Britain the total defense expenditure was 13.6% and for international institutions 0.013%; while for France the international expenditure was 0.023%.

2. Conference

The general conference is provided for in Arts. 389–391.[1] It is regarded as a permanent institution, and its annual meetings are designated as sessions of the Conference rather than as a series of conferences.

Sessions

1. Washington, October 29–November 29, 1919; president, William B. Wilson, United States Secretary of Labor.
2. Genoa, June 15–July 10, 1920; president, Baron Mayor des Planches, Italy.
3. Geneva, October 25–November 19, 1921; president, Viscount Burnham, Great Britain.
4. Geneva, October 18–November 3, 1922; president, Viscount Burnham, Great Britain.
5. Geneva, October 22–29, 1923; president, Mineichiro Adatci, Japan.
6. Geneva, June 16–July 5, 1924; president, Hjalmar Branting, Sweden.
7. Geneva, May 19–June 10, 1925; president, Edouard Béneš, Czechoslovakia.
8. Geneva, May 26–June 5, 1926; president, Mgr. W. H. Nolens, Netherlands.
9. Geneva, June 7–24, 1926; president, Viscount Burnham, Great Britain.
10. Geneva, May 25–June 16, 1927; president, Sir Atul Chatterjee, India.
11. Geneva, May 30–June 16, 1928; president, Carlos Saavedra Lamas, Argentina.

[1] See Appendix, p. 219–220.

Subjects Considered

[The * indicates action by draft convention; the †, by recommendation.]

The agenda of the sessions of the Conference have been as follows:

First Session (1919)

*1. Application of principle of the 8-hours day or of the 48-hours week.

*†2. Question of preventing or providing against unemployment.

3. Women's employment:
   - *(*a*) Before and after childbirth, including the question of maternity benefit;
   - *(*b*) During the night;
   - (*c*) In unhealthy processes.[1]

4. Employment of children:
   - *(*a*) Minimum age of employment;
   - *(*b*) During the night;
   - (*c*) In unhealthy processes.[1]

†5. Extension and application of the international conventions adopted at Bern in 1906 on the *prohibition of night work for women employed in industry, and the †prohibition of the use of white phosphorus in the manufacture of matches.

Second Session (1920)

1. Application to [2] seamen of the convention drafted at Washington, last November, limiting the hours of work in all industrial undertakings, including transport by sea and, under conditions to be determined, †transport by inland waterways, to eight hours in the day and 48 in the week.
   Consequential effects as regards manning and the regulations relating to accommodation and health on board ship.

2. Supervision of articles of agreement. Provision of facilities of finding employment for seamen. *Application to seamen of the convention and recommendations adopted at Washington in November last in regard to unemployment and *unemployment insurance.

[1] Resulted in recommendations concerning the prevention of anthrax, the protection of women and children against lead poisoning, and the establishment of government public health services.

[2] Recommendation concerning the fishing industry.

*3. Application to seamen of the convention adopted at Washington prohibiting the employment of children under 14 years of age.

†4. Consideration of the possibility of drawing up an international seamen's code.

Third Session (1921)

1. Reform of constitution of the Governing Body of the International Labor Office.
2. Agricultural questions:
   - (*a*) The adaptation of the Washington decisions to agricultural labor:
     - i. Regulation of the hours of work;
     - †ii. Measures for the provision of or providing against unemployment;
     - †iii. The protection of women and children;
   - †(*b*) Technical agricultural education;
   - †(*c*) Living-in conditions of agricultural workers;
   - †(*d*) Guaranty of the rights of association and combination;
   - †(*e*) Protection against accident, sickness, invalidity and old age.
3. (*a*) Disinfection of wool infected with anthrax spores.
   - *(*b*) Prohibition of the use of white lead in painting.

*†4. The weekly rest day in industrial and commercial employment.

5. *(*a*) The prohibition of the employment of any person under the age of 18 years as trimmer or stoker, and
   - *(*b*) Compulsory medical examination of all children employed on board ship.

Fourth Session (1922)

1. Revision of Part XIII of the treaty of Versailles and the corresponding parts of the other treaties of peace:
   - *(*a*) With a view to the reform of the constitution of the Governing Body;
   - (*b*) With a view to modification as regards the periodicity of the sessions of the Conference.

†2. Communication to the International Labor Office of statistical and other information regarding emigration and immigration and the repatriation and transport of emigrants.

Fifth Session (1923)

1. Development of facilities for the utilization of workers' leisure.
†2. General principles for the organization of factory inspection.
3. Equality of treatment for national and foreign workers as regards workmen's compensation for accidents.
4. Weekly suspension of work for 24 hours in glass-manufacturing processes where tank furnaces are used.

Sixth Session (1924)

†1. Development of facilities for the utilization of workers' leisure.
2. Equality of treatment for national and foreign workers as regards workmen's compensation for accidents.
3. Weekly suspension of work for 24 hours in glass-manufacturing processes where tank furnaces are used.
4. Night work in bakeries.

Seventh Session (1925)

*†1. Workmen's compensation.
*†2. Equality of treatment for national and foreign workers as regards workmen's compensation for accidents (final vote on the draft convention and recommendation adopted by a preliminary vote of the Conference at its Sixth Session):
3. Weekly suspension of work for 24 hours in glass-manufacturing processes where tank furnaces are used (final vote on the draft convention adopted by a preliminary vote of the Conference at its Sixth Session);
*4. Night work in bakeries (final vote on the draft convention adopted by a preliminary vote of the Conference at its Sixth Session).

Eighth Session (1928)

†1. Simplification of the inspection of emigrants on board ship.

Ninth Session (1926)

*1. International codification of rules relating to seamen's articles of agreement.
†2. General principles for the inspection of the conditions of work of seamen.

Tenth Session (1927)

*†1. Sickness insurance.
†2. Freedom of association.
3. Minimum wage-fixing machinery in trades in which organization of employers and workers is defective and where wages are exceptionally low, with special reference to the home-working trades.

Eleventh Session (1928)

*1. Creation of minimum wage-fixing machinery.
†2. Application of minimum wage-fixing machinery.
3. Prevention of industrial accidents including accidents due to coupling of railways.

Twelfth Session (1929)

1. The prevention of industrial accidents (final discussion).
2. Forced labor (first discussion).
3. Hours of work of salaried employees (first discussion).

Thirteenth Session (1929)

1. Regulation of hours of work on board ship.
2. The protection of seamen in case of sickness; including the treatment of seamen injured on board ship.
3. The promotion of seamen's welfare in ports.

Representation

The novelty of representation in the Organization has directed attention toward the make-up of the delegations in the sessions of the Conference. A complete state delegation consists of two Government delegates and one each of the Employers' and Workers' Groups of the state. Obviously, a complete delegation is desirable to make decisions of the Conference fully representative of international opinion. On the other hand, the subject matter before the sessions varies and practical considerations render representation not always absolutely necessary in order

to protect the interests of Government or Employers' or Workers' Groups. A government may elect to send only a single delegate instead of two. Either the employers or the workers of a given country may not deem it necessary to be represented at a specific session, owing to the nature of the agenda, or they may fail in their own national mechanism to provide for representation. The following table shows the extent to which complete delegations have sat in the sessions of the Conference:

Session	States represented	Complete Delegations	One or More Government Delegates only	Incomplete Delegations composed Otherwise
Washington, 1919	40	24	14	2
Genoa, 1920 (maritime)	27	16	7	4
Geneva, 1921	39	25	14	0
Geneva, 1922	39	20	17	2
Geneva, 1923	42	23	16	3
Geneva, 1924	40	24	14	2
Geneva, 1925	46	29	13	4
Geneva, 1926 (ordinary Session)	39	28	8	3
Geneva, 1926 (maritime Session)	38	27	8	3
Geneva, 1927	43	32	8	3
Geneva, 1928	46	–	–	–

Committees of Conference

Since the agenda of each session of the Conference differs from that of others, the personnel changes from session to session. Some provisions to this effect are contained in the treaty, particularly one stipulating that women are to be included in delegations when subjects concerning them are on the agenda.

The committees into which a session of the Conference divides depend upon the subjects on the agenda. There

are, however, certain committees which are required in each session. These are:

1. Selection Committee, whose duty is to manage the work of the Conference;
2. The Credentials Committee;
3. The Committee on Standing Orders;
4. The Committee on Art. 408;[1]
5. The Drafting Committee.

The duties of these committees are sufficiently indicated by their names, with the exception of the Credentials Committee.

Credentials. It devolves upon the Credentials Committee to carry out the provisions of the treaty respecting the representation of the groups in the Conference. In the early sessions, some difficulty arose upon this point. The present practice is for each Government to certify in a standard form the letter of credence of each member of its delegation. It consequently falls to the Government to take responsibility for assuring that the employers' and workers' delegates are appointed by the most representative organizations. This has simplified the work of the committee.

Several instances have occurred where delegates to the Conference have not been satisfied that the national delegations were properly representative of the interests from which they purported to come. It devolves upon the Credentials Committee to examine any such protests, which are of various types. They may also come from organizations within the states. At the Tenth Session of the Conference[2] such protests were as follows:

The South African Trade Union Congress and the Cape Federation of Labor Unions protested against the absence from the South African delegation of a workers' delegate.

The Federation of Czechoslovak Trade Unions protested

[1] See Appendix, p. 225.

[2] *International Labor Conference*, 10th Sess., p. 453*ff*.

against the appointment of the workers' delegate who had presented his credentials.

The Hungarian workers' delegate protested against the appointment of an adviser to the Hungarian workers' delegation.

A protest against the appointment of the Italian workers' delegate involved an incident. Because of the recent organization of the Italian state into what has been called a corporative form, the protesting interests representing the International Federation of Trade Unions held that the appointment of the individual involved was not representative of the workers' interests. Correspondence respecting freedom of association in Italy and a detailed analysis of the Italian labor charter constituted part of the record. After a full investigation, the committee proposed, and the Conference confirmed, the credentials of the Italian workers' delegate.

Languages and Translations

The question of language in a body representing most of the countries of the world presents an interesting consideration. By the treaty articles the Organization is not strictly confined to French and English as official languages. In fact, it has from the beginning been understood that speakers might use other languages, at least if they furnished interpretation into French or English. The German Government formally proposed to the Governing Body that draft conventions and recommendations be printed in German and that the text be equally authentic with French and English. The Italian Government put forward the claims of Italian and the Spanish-speaking Governments also made representations. By a vote of the Eleventh Session of the Conference, 73 to 6, these questions, as they apply to the Conference, were remitted for examination to the Governing Body.

The language question has interested Edward A. Filene of Boston, and he has made it possible to give the proposed system of simultaneous telephonic translation in various

languages a trial. The proceedings of the Conference are in French and English, and as the speaker expresses himself in either language, an interpreter, say a German, translates in a low voice into a special telephone mouthpiece which is connected with head pieces used by all those who wish to listen in German. This system was applied for the first time at the Eleventh Session of the Conference and met with the approval of those making use of it.

Forms of Action

The Conference registers its agreements in the form of draft conventions submitted to Member states for action and recommendations. A fundamental step in effecting agreement is, therefore, a decision by the Conference whether a given text is to be passed as a draft convention or recommendation. That decision being taken, either document is adopted by two-thirds of the votes cast by the delegates present. This provision is one of the essential features of the Organization and differentiates the Conference from all other diplomatic gatherings, in which the vote is unitary by states. By the provision of Art. 405[1] of the labor part of the treaty, an opportunity to make any opinion prevail by vote according to its merits is possible.

The Conference, as a meeting of the Member states, is the plenary body in the Organization. In addition to the agreements it reaches, it passes many directive resolutions. These may be addressed to the Governments, to employers or workers as a matured expression of opinion. More frequently, the resolutions are addressed to the Governing Body and suggest the undertaking of new investigations or of means of completing investigations already under way.

Double-Discussion Procedure

By 1922, the sessions of the Conference had produced a considerable body of international agreement in the shape of draft conventions and recommendations. It was felt

[1] See Appendix, p. 223.

that the annual session stipulated by the treaty was calculated to produce texts faster than was desirable. As a consequence, the Commission on Constitutional Reforms was appointed to consider proposals from the Governing Body.

One of these was the amendment of Art. 389 to provide that the Conference should be "held from time to time as occasion requires and at least once in every two years." This idea was rejected and instead it was recommended that alternative sessions of preparation and decision should be held.

A two-reading system was provided for in the Standing Orders adopted by the 1924 Session of the Conference and was applied in 1925. This was found not to make for agreement. The Report[1] says that the system "is dangerous because the opponents of the text are faced for the second time with a formal text and therefore form a more vigorous and obstinate opposition." Accordingly, the double discussion procedure was devised and was incorporated into Art. 6 of the Standing Orders of the Conference by votes on June 3 and 4, 1926. The following steps are taken:

1. The Governing Body places an item on the agenda of a session of the Conference;
2. At this session the Office submits a documentary report (Gray Report) setting forth the present law and practice, followed by a draft questionnaire;[2]
3. The Conference holds a general discussion upon the substance of the question and decides whether the matter may suitably form the subject of a convention or recommendation;
4. If its decision is in the affirmative, it draws up the questionnaire to be sent to the Governments;
5. The Conference decides by a two-thirds majority to place the item on the agenda of the following session;

[1] *8th Sess.*, Geneva, 1926, p. 358.

[2] Reconsideration of the necessity for a draft questionnaire was debated by the Governing Body at its 39th session.

6. The questionnaire (Red Book) put into form by the Office is sent to the Governments within one month;
7. The Governments' replies reach the Office as early as possible, and in any case so that the Office can dispatch the final Report (Blue Report) about four months before the session of the Conference;
8. At the following session the Conference has before it the Report in question, and deals with it according to the usual procedure.[1]

The principal feature of this procedure is that each question on the agenda of the Conference is the subject of two discussions, quite distinct in character. "The first discussion will be by way of a general discussion, which will, so to speak, trim the subject under consideration . . . The second discussion will take place at the following session, which will vote on the adoption of a draft convention or recommendation."[2] By thus dividing the debate into a general review of the subject and into a specific consideration of text, it is intended to avoid "that consolidation of attitudes which would prevent any agreement being reached and thus nullify the value of the second discussion."

The double discussion procedure was debated at the 39th session of the Governing Body, when it was decided that more experience should be gained before serious modification of it was attempted.

Application of Conventions

It is stipulated in the treaty (Art. 405) that any draft convention of general application shall pay due "regard to those countries in which climatic conditions, the imperfect development of industrial organization or other special circumstances make the industrial conditions substantially different" from the normal ones encountered. As a consequence of this provision, any convention is likely to contain articles especially relating to conditions

[1] *8th Sess.*, p. 360.

[2] *Report of the Director, 10th Sess.*, 1927, p. 21.

in one or more countries, as in the hours convention of 1919, where Art. 10 especially relates to British India and Art. 12 to Greece.

Authenticated copies of recommendations or draft conventions are deposited with the Secretary-General of the League, who communicates certified copies to each Member state. The Governments have undertaken to bring the document "before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action;" normally within one year from the closing of the session of the Conference and exceptionally within 18 months from that date. Each year the Director of the International Labor Office sends out letters concerning the compliance with these time limits.[1]

Draft conventions are intended to be ratified and thus become like any other treaties. However, they are made primarily for the purpose of raising the international social standards, and it was obvious from the start that ratification of a treaty was not the only means by which that object could be obtained. As a consequence, action by a state upon a draft convention may take various forms. These are as follows:

(*a*) Ratification communicated to and registered by the Secretariat of the League of Nations;

(*b*) Decision of the "competent authority" which may take the form of approval, rejection or some other decision such as adjournment;

(*c*) Submission to the competent authority:

1. Proposing ratification,
2. Proposing adjournment or reservation of ratification,
3. Proposing no ratification,
4. With no proposal;

(*d*) States may supply information of measures taken other than action with a view to ratification;

(*e*) States may fail to communicate any information.

[1] *Official Bulletin*, IV, p. 81; V, 243; VI, 605; VIII, 1; IX, 5, 186; XI, 335; XII, 14, 141.

This system seems complicated, but on account of the great diversity of social conditions existing throughout the world, a system less elastic would produce less satisfactory results in securing the steady improvement of the conditions under examination. It follows from this system that no state is ever called upon to reduce the value of its own social legislation because of a duty to ratify an international convention providing lesser guaranties or those not best adapted to its own conditions. The Annual Report of the Director gives full information in its Second Section not only as to the status of conventions, but also as to the national laws applicable to the subjects of the conventions. From the review in this report, it annually appears that the conventions have not only had an extensive effect through their ratification, but that the study of them by government authorities has resulted in the passage of many measures of application which conform substantially to the standards of the conventions and which in the aggregate represent a notable increase in harmony, in social legislation and standards throughout the world. The exact status of each convention can be appreciated only from the study of its text, and the details of ratification and national legislation resulting from it as set forth in the Annual Report of the Director.

Progress of Ratifications

The following table shows the status of ratifications of the draft conventions on April 1 of each year:

	1921	1922	1923	1924	1925	1926	1927	1928
Ratifications communicated .	30	51	86	96	146	194	229	263 [1]
Ratifications authorized .	1	16	23	45	33	30	25	34
Ratifications recommended .	64	85	127	140	121	128	147	180

[1] 300 on May 23, 1928.

Each draft convention includes eight final articles, which are always the same. They include the provisions of Arts. 405, par. 7, 406, 408 and 421 of the treaty. These articles may be regarded as setting forth the standard procedure respecting ratified conventions. Each member of the Organization ratifying a convention engages to apply it to its colonies, protectorates and possessions which are not self-governing, subject to local conditions, and it shall notify the Office of the action taken to this effect. Ratifications are communicated to the Secretary-General of the League of Nations and registered. The convention enters into force when two (occasionally three) ratifications have been registered, becoming binding upon the ratifying states at the date of notification. For states subsequently ratifying, the convention comes into force at the date of their registration. With a view to simplifying the international social system, each convention specifies a date by which ratifying states agree to bring its provisions into operation and make them effective. Ratifying states may denounce a convention on one year's notice, 10 years from the date which it entered into force.

Periodic Revision and Hours Convention

Another of the common articles is as follows:

> At least once in 10 years, the Governing Body of the International Labor Office shall present to the general Conference a report on the working of this convention and shall consider the desirability of placing on the agenda of the Conference the question of its revision or modification.

This provision has been particularly studied in connection with the hours convention of 1919, specifically the "draft convention limiting the hours of work in industrial undertakings to 8 in the day and 48 in the week." This convention has been in force since June 13, 1921, but some of the great industrial states have found ratification undesirable. In taking this attitude, there has been no

question of principle involved, for as the Director says, the action of states attests "the fact that in the great industrial democracies, where the value of the eight-hour day might still be questioned, it is henceforth considered as part of that general body of social reforms in which the people see the possibility of well-being and liberty."[1]

Nevertheless, a careful examination of its provisions showed that it was not entirely adaptable to some of the most complexly organized industrial communities. In 1921, various states found that it did not meet their special conditions.[2] The most serious difficulties arose in Great Britain, where the 8-hour day and the 48-hour week, or less, is in fact applicable to practically the entire working population.[3] In a letter of July 22, 1921, the British Ministry of Labor announced that it could not ratify the convention because of inability to accept certain provisions. Such a provision was the regulation of overtime work and the fixation of payment for it at time and a quarter. Other provisions of the convention were regarded as neither so elastic nor satisfactory as the actual trade agreements in force in the country. Another objection was that the existing agreements of the railroad companies, the trade unions and the Ministry of Transport were inconsistent with the convention and could not be abrogated at the time. The agreements fixed the 8-hour day and a 48-hour week, exclusive of daily overtime at increased pay, but made possible Sunday work in a way not practicable under the convention. The British Government, therefore, found the convention "too inelastic for the varying needs of the different industries,"[4] and announced its intention to propose that the Governing Body consider placing the subject on the agenda of the Conference with a view to attempting "to draw up a convention sufficiently elastic to meet with general acceptance."[4]

[1] *Report of the Director*, 1924, p. 157.
[2] *Ibid.*, 1921, p. 80*ff*.
[3] *Ibid.*, p. 104.
[4] *Ibid.*, p. 108.

The Governing Body felt that the proposed revision was premature and directed the Office to collect information on the subject and to present an objective report on it to the Conference. The result was a series of studies on hours of work in industry in various countries and a report on the situation with regard to ratification of the hours convention presented to the Fourth Session of the Conference. A committee of nine members of the Governing Body studied the question in a session at Paris on June 8, 1923, and at the 19th and 20th sessions of the Governing Body, this report was discussed, but the situation remained unchanged. In January, 1924, the matter again came before the Governing Body by the presentation of resolutions submitted by the Workers' and Employers' Groups, resulting in a further instruction to collect information on the complex subject.[1]

Local conditions in Great Britain resulted in much discussion of hours of work in 1925. Partly as a result of this situation, the British Ministry of Labor convened a conference at London on March 15–19, 1926, in which the representatives of Belgium, France, Germany and Italy participated, the Director and Deputy-Director of the International Labor Office also being present. As a consequence of this conference, a series of conclusions applicable to certain articles of the convention were agreed upon and set forth in a formal document.[2] This document was communicated to the Governing Body at its session in April, 1926, which noted that the document was not claimed to be a protocol, but simply represented the interpretation of the interested states with a view to facilitating their own ratifications. It could in no way affect the text of the Washington convention, which could only be authoritatively interpreted by the Permanent Court of International Justice. Subsequently to this private understanding, Belgium and France ratified the convention.

[1] *Report of the Director*, 1924, p. 158 to 173.

[2] For text see *Report of the Director*, 1926, p. 223; *Industrial and Labour Information*, Vol. XVII, p. 411.

Rules for Revision of Conventions

The constant discussion of the problem of ratification of the 1919 Hours convention brought the provision for the revision of conventions before the Governing Body during its 38th session. During the debate on the Hours convention at that time the British Government delegate proposed that the question of its revision be placed on the agenda of the session of the Conference to be held in 1929, and that a draft report on the working of the convention should be prepared by the Office for submission to the Governing Body without delay. The discussion of these two proposals revolved around the problems connected with the hours convention.

The Governing Body was considerably divided on the question thus raised. The Workers' Group and some of the Government Group were opposed to raising the question of revising the hours convention at an early date. By a vote of 13 to 7, with four governments abstaining, it was decided to consider the question of whether the revision of the convention should be placed on the agenda of the 1929 session of the Conference. This resolution was applicable only after consideration of the general procedure for revision.

The Governing Body in discussing this question was again divided, the Workers' Group being opposed to an early debate. However, by a vote of 15 to 6 the Governing Body instructed the Standing Orders Committee to submit at the next session "a report on the procedure to be adopted with regard to proposals for the possible revision of conventions."

At the 39th session of the Governing Body, the Government and Workers' Groups debated the question of revision at length. The chief point at issue was whether revision would, in the ordinary course, contemplate opening the entire question covered by a convention, or only involve limited revision. The conclusion was finally reached that general revision would necessarily call into question the stability of established international labor legislation.

Accordingly, a compromise was reached, and the Governing Body by a vote of 18 to 6 (the Government and Workers' Groups against the Employers' Group) passed the following rules of procedure for revision of conventions:

(1) When the Governing Body, in accordance with the provisions of a convention, has to present to the Conference a report on the working of the said convention, and has to decide if it is desirable to place the question of its revision or modification on the agenda of the Conference, the Office shall submit to the Governing Body all the information which it possesses, particularly on the legislation and practice relating to the said convention, both in those countries which have ratified it and in those which have not ratified it.

(2) The Governing Body shall fix the terms of the report on the working of the convention.

(3) It shall consider the question of placing the revision or modification of the convention on the agenda of the Conference. This consideration shall not take place until after two months from the date of the circulation of the Office report (referred to in par. 1) to the members of the Governing Body.

(4) If the Governing Body takes the view that it is not desirable to place the revision or modification of the convention on the agenda, the Office shall communicate the above-mentioned report to the Conference.

(5) If the Governing Body takes the view that it is desirable that the question of placing the revision or modification of the convention on the agenda of the Conference should be further pursued, the Office shall send the report to the Governments of the Members and shall ask them for their observations, drawing attention to the points which the Governing Body has considered specially worthy of attention.

(6) The Governing Body shall, on the expiry of four months from the date of the dispatch of the report to the Governments, taking into account the replies of the Governments, adopt the final report and define exactly the question or questions which it places on the agenda of the Conference.

Annual Reports on Conventions

By Art. 408 states parties to conventions of the Conference agree to make an annual report to the Office on the measures taken to give effect to their provisions. The re-

ports contain the particulars requested by the Governing Body. A summary of them is laid before the Conference as a second part of the Report of the Director and attains the size of a 200-page folio volume. The questions answered by the reports have varied from year to year and are not the same for all conventions. With respect to some conventions, special reports on particular articles or from particular states are required. The principal questions answered by the states in these reports are:[1]

I. Please give a list of the legislation and administrative regulations, etc., which apply to provisions of the convention. Where this has not already been done, please forward copies of the said legislation, etc., to the International Labor Office with this report.

II. Please indicate in detail for each of the following articles of the convention the provisions of the above-mentioned legislation and administrative regulations, etc., or other measures, under which this article is applied. (For the Hours convention this relates to Arts. 1, 2, 3, 4, 5, 6, 8, 10, 12, 13, 14.)

III. (Special detailed question under Art. 7 involving report on continuous processes and special information in accordance with Arts. 4, 5 and 6).

IV. (Special question relative to application to colonies, protectorates and possessions which are not fully self-governed).

V. Please state upon which date the application of the provisions of this convention came into effect.

VI. Please state to what authority or authorities the application of the above-mentioned legislation and administrative regulations, etc., is intrusted, and by what methods application is supervised and enforced.

Please add a general appreciation of the manner in which the convention is applied in your country . . . in so far as this information has not already been given under other headings and in particular under VI.

Committee of Experts

In the Seventh Session of the Conference the Government delegate of the Irish Free State suggested the appointment

[1] The questions quoted from the Annual Report on the Hours convention, 1919, *International Labor Conference, 11th Sess., Report of the Director*, Part II, p. 10–23.

of a committee at subsequent sessions to examine the annual reports. The Eighth Session, acting on a resolution of the Governing Body,[1] appointed a committee which found that the extent and technical complexity of the summary of the annual reports was the explanation of any inattention given them and recommended that the information contained in them be digested "in a form which would concentrate attention upon those points which could most usefully and profitably be discussed." The Conference therefore passed a resolution calling upon the Governing Body to appoint a committee of experts for this purpose. This committee, consisting of nine persons appointed for a period of two years, was determined by the Governing Body in its 33rd, 34th and 35th sessions. It met in a first session on May 2–6, 1927, and its report was presented to the Tenth Session of the Conference on June 10.[2] Its second session was held March 5–8, 1928.[3] In that session, it was able to examine 175 of the 209 reports due to be presented.

3. Governing Body

The Governing Body of the International Labor Office has met as follows:[4]

1. Washington, November 27–28, 1919.
2. Paris, January 26–28, 1920.
3. London, March 22–25, 1920.

[1] *International Labor Conference, 10th Sess., Report of the Director*, Vol. II, p. 259.

[2] *Ibid.*, p. 400.

[3] For report see *International Labor Conference, 11th Sess., Report of the Director*, Vol. II, p. 186.

[4] For convenience of reference the record of each meeting in the *Official Bulletin* is given:

1. Vol. I, p. 468.
2. *Ibid.*, p. 473.
3. *Ibid.*, p. 486.
4. *Ibid.*, p. 496.
5. *Ibid.*, II, No. 6–7, p. 1.
6. *Ibid.*, III, p. 99.
7. *Ibid.*, p. 509.
8. *Ibid.*, IV, p. 59.
9. *Ibid.*, p. 467.
10. *Ibid.*, p. 513.
11. *Ibid.*, V, p. 91.
12. *Ibid.*, p. 259.
13. *Ibid.*, VI, p. 298.
14. *Ibid.*, p. 522.
15. *Ibid.*, p. 542.
16. *Ibid.*, p. 544.
17. *Ibid.*, VII, p. 63.
18. *Ibid.*, p. 175.
19. *Ibid.*, VIII, p. 43.
20. *Ibid.*, p. 203.

4. Genoa, June 8–9, 1920.
5. Geneva, October 5–7, 1920.
6. Geneva, January 11–12, 1921.
7. Geneva, April 12–14, 1921.
8. Stockholm,[1] July 5–7, 1921.
9. Geneva, October 19–21, 1921.
10. Geneva, November 11, 18, 1921.
11. Geneva, January 17–19, 1922.
12. Rome,[1] April 4–7, 1922.
13. Interlaken,[1] July 25–27, 1922.
14. Geneva, October 12–13, 1922.
15. Geneva, October 31, 1922.
16. Geneva, October 31, 1922.
17. Geneva, January 30–February 2, 1923.
18. Geneva, April 10–13, 1923.
19. Geneva, June 12–13, 1923.
20. Geneva, October 15–18, 1923.
21. Geneva, January 29–31, 1924.
22. Geneva, April 8–10, 1924.
23. Geneva, June 12–13, 1924.
24. Geneva, October 9–11, 1924.
25. Geneva, January 8–10, 1925.
26. Geneva, April 2–4, 1925.
27. Geneva, May 18, June 4, 1925.
28. Geneva, June 9, 1925.
29. Geneva, October 15–17, 1925.
30. Geneva, January 28–30, 1926.
31. Geneva, April 21–23, 1926.
32. Geneva, May 25, June 4, 1926.
33. Geneva, October 14–16, 1926.
34. Geneva, January 28–30, 1927.

21. *Vol.* IX, p. 10.
22. *Ibid.*, p. 114.
23. *Ibid.*, p. 135.
24. *Ibid.*, p. 197.
25. *Ibid.*, X, p. 1.
26. *Ibid.*, p. 49.
27. *Ibid.*, p. 62.
28. *Ibid.*, p. 66.
29. *Ibid.*, p. 155.
30. *Ibid.*, XI, p. 25.
31. *Ibid.*, p. 81.
32. *Ibid.*, p. 117.
33. *Ibid.*, p. 338.
34. *Ibid.*, XII, p. 5.
35. *Ibid.*, p. 78.
36. *Ibid.*, p. 114.
37. *Ibid.*, p. 144.
38. *Ibid.*, XIII, p. 9.
39. *Ibid.*, p. 55.

[1] The Governing Body "consents to hold its sessions in towns other than Geneva only if the state which invites it pays all the costs involved." (*Report of the Director*, 1922, p. 647.)

35. Geneva, March 30–April 1, 1927.
36. Geneva, May 24, June 14, 1927.
37. Berlin,[1] October 11–14, 1927.
38. Geneva, February 4, 1928.
39. Geneva, April 25–28, 1928.
40. Geneva, May 28, June 6, 1928.
41. Warsaw,[1] October 5–19, 1928.

Membership of Governing Body

The Governing Body holds office for three years. In the first three periods Arthur Fontaine, government representative of France, has been chairman, Jules Carlier, Belgian employers' representative, and Jan Oudegeest, Dutch workers' representative, vice-chairmen.

The representation on the Governing Body at the beginning of each three-year period has been as follows:

Government Group

1919	1922	1925	1928
Eight States of Chief Industrial Importance			
Belgium	Belgium	Belgium	Belgium
France	Canada	Canada	Canada
Germany	France	France	France
Great Britain	Germany	Germany	Germany
Italy	Great Britain	Great Britain	Great Britain
Japan	India	India	India
Switzerland	Italy	Italy	Italy
Denmark [2]	Japan	Japan	Japan
Four States elected by Government Delegates to Conference			
Argentina	Chile	Argentina	Argentina
Canada	Finland	Norway	Poland
Poland	Poland	Poland	Spain
Spain	Spain	Spain	Sweden

[1] The Governing Body "consents to hold its sessions in towns other than Geneva only if the state which invites it pays all the costs involved." (*Report of the Director*, 1922, p. 647.)

[2] To occupy the place assigned to the United States.

1919	1922	1925	1928
	Deputies [1]		
–	Cuba for Chile	Sweden for Norway	–
–	Denmark for Belgium	Finland for Spain	–
–	Czechoslovakia for Poland	Czechoslovakia for Poland	–
–	Norway for Finland	Denmark for Belgium	–

EMPLOYERS' GROUP

1919	1922	1925	1928
	Regular Members		
Belgian	Belgian	Belgian	British
British	British	British	Czechoslovak
Czechoslovak	Czechoslovak	Czechoslovak	French
French	French	French	German
Italian	Italian	Italian	Italian
Swiss	South African	South African	South African
	Deputy Members		
–	Canadian	Argentine	Belgian
–	Danish	Danish	Danish
–	Dutch	Dutch	Dutch
–	German	German	Japanese
–	Spanish	Serb-Croat-Slovene	Serb-Croat-Slovene
–	Swiss	Swiss	Swiss

WORKERS' GROUP

1919	1922	1925	1928
	Regular Members		
British	British	British	Belgian
Canadian	Canadian	Canadian	British
Dutch	Dutch	Dutch	Canadian
French	French	French	French
German	German	German	German
Swedish	Swedish	Swedish	Swedish

[1] By a resolution of the 1921 Session of the Conference the Governments represented on the Governing Body may designate other Governments to deputize for them.

1919	1922	1925	1928
		Deputy Members	
–	Austrian	Austrian	Austrian
–	Indian	Indian	Indian
–	Italian	Italian	Japanese
–	Polish	Polish	Polish
–	Spanish	Spanish	Spanish
–	Swiss	Swiss	Swiss

The titular members of the Governing Body elected in 1928 were:

Employers. — Messrs. GEMMILL (South Africa); HODAČ (Czechoslovakia); LAMBERT-RIBOT (France); OLIVETTI (Italy); VOGEL (Germany); FORBES WATSON (Great Britain). Substitute members: Messrs. TZAUT (Switzerland); OERSTED (Denmark); CORT VAN DER LINDEN (Netherlands); ČURČIN (Serb-Croat-Slovene State); GÉRARD (Belgium); FUJITA (Japan).

Workers. — Messrs. JOUHAUX (France); MERTENS (Belgium); TOM MOORE (Canada); MÜLLER (Germany); POULTON (Great Britain); THORBERG (Sweden). Substitute members: Messrs. HUEBER (Austria); SCHÜRCH (Switzerland); CABALLERO (Spain); ZULAWSKI (Poland); JOSHI (India); SUSUKI (Japan).

STATES OF CHIEF INDUSTRIAL IMPORTANCE

Art. 393 of the treaty of peace of Versailles prescribes that of the 12 persons representing the Governments on the Governing Body of the International Labor Office "eight shall be nominated by the members which are of the chief industrial importance." Determination of those states was begun by a telegram of July 8, 1919,[1] in which information was asked of each concerning:[2]

[1] *Official Bulletin*, I, p. 452.

[2] In the report of the committee to consider the criteria, the list is given as follows (*Official Bulletin*, Vol. VI, p. 548):

(1) Total industrial population (in the strict sense of the term), including the mining and transport industries;
(2) The proportion which the industrial population bears to the whole population;
(3) Total horsepower (steam power and water power), not including locomotives and vessels;
(4) Horsepower per head of population;
(5) Total length of railways;
(6) Length of railways per thousand square kilometers of territory;
(7) Development of the mercantile marine.

A. The total number of persons employed in industry (including transport and mine workers, excluding agriculture and commercial workers);

B. The total track (not route) mileage of railways other than street car systems;

C. The total area;

D. The total horsepower used (steam and hydraulic);

E. The total imports and exports per annum by class of manufactured goods and provisions for 1910–1913.

As a consequence of this questionnaire, nine states were designated in the following order: United States, Great Britain, France, Germany, Italy, Belgium, Japan, Switzerland and Spain.

Special claims were made by Canada, India, Poland and Sweden. On November 2, 1919, the government group met during the Washington session of the Conference and elected the following 12 states to constitute the government group of the Governing Body: Argentina, Belgium, Canada, France, Germany, Great Britain, Italy, Japan, Poland, Spain, Switzerland and Denmark (in the absence of the United States). At that time China and India claimed consideration.[1] The Indian Government declined to participate in the election.

Art. 393 of the treaty provides that "any questions as to which are the members of the chief industrial importance shall be decided by the Council of the League of Nations."

The Indian Government brought its claim to the attention of the League on January 13, 1920. The Council of the League on August 5, 1920, adopted a report to the effect that the present tenure of office should not be disturbed, but that prior to 1922 the meaning of the words "industrial importance" should be carefully explored with a view to determining all of its implications.[2] The Indian Government then requested that the matter be placed on the agenda of the Assembly, the second committee of which

[1] *Official Bulletin*, I, p. 458.

[2] *Ibid.*, II, No. 2, p. 6.

on November 20 found that the matter was not within its competence.[1]

At the instigation of the League Council a committee consisting of four members of the Governing Body and two experts nominated by the Secretary-General of the League studied the matter prior to the election in 1922. Their report of May 31, 1922,[2] is a careful examination of the criteria adopted, based upon statistics reduced to index numbers. The result of this report was that the Council of the League on September 30, 1922, passed a resolution deciding that the eight members of the International Labor Organization of chief industrial importance at present were: Belgium, Canada, France, Germany, Great Britain, India, Italy and Japan.[3] The International Labor Conference on October 30, 1922, gave effect to this decision.

Increase of Members Proposed

Several questions respecting the structure of the Governing Body arose in the first period of its appointment. One of these related to the distribution of its members, which had been raised by Cuba and other Latin American states, and took the form of a resolution of the 1919 session of the Conference as follows:

> The Conference expresses its disapproval of the composition of the Governing Body of the International Labor Office, inasmuch as no less than 20 of the 24 members of that body are representatives of European countries.

A commission on Constitutional Reforms appointed by the Third Session of the Conference recommended the amendment of Art. 393 of the treaty, and this was accomplished at the Fourth Session in 1922, so that the Governing Body would be increased to 32 persons, 16 representing governments and eight each employers and workers. The

[1] *Official Bulletin*, II, Nos. 15–16.

[2] *Ibid.*, VI, p. 546.

[3] *Ibid.*, p. 590.

amendment provides that six of the 16 government members shall represent non-European states and that two each of the employers' and workers' representatives shall belong to non-European states. The amendment was not yet in force on July 1, 1928.

Another amendment in the report of the commission[1] contemplated doing away with the specification for the representation of the eight states of chief industrial importance. Instead of them, a permanent government group of six was to be established representing France, Germany, Great Britain, Italy, Japan and the United States of America. The 10 other members were to be elected by all the government delegates at the Conference, four out of the 10 to belong to non-European states. This recommendation of the commission failed, and the amendment was passed so as to maintain the eight states of chief industrial importance as a permanent group in the Governing Body.

Committee Work

The Governing Body appoints several committees from its own members. Those relating to its work in general are the Finance Committee and the Standing Orders Committee.

The duties of the Finance Committee are sufficiently indicated by its name.

The Standing Orders Committee began as the Committee on Organization, and in the earlier days laid down the foundations on which the International Labor Office have developed. It worked out as the rules of procedure of the Governing Body the standing orders adopted on March 30, 1920.[2] As various changes of duties have taken place, it has recommended the change of these standing orders, for instance, on October 13, 1922,[3] and October 18, 1923.[4] The Standing Orders Committee serves the Governing Body in other ways. When such a question as diversity of

[1] *International Labor Conference*, 4th Sess., Geneva, 1922, p. 501.

[2] *Official Bulletin*, I, p. 490.

[3] *Ibid.*, VI, p. 529.

[4] *Ibid.*, VIII, p. 209.

representation in the Governing Body was under consideration, the Standing Orders Committee was intrusted with making the report upon which was based the amendment of Art. 393 by the Conference. The Conference requested the Governing Body to examine the advisability of changing the character of its sessions. It was again the Standing Orders Committee which prepared the report finally resulting in the adoption of the double discussion procedure.

On October 13, 1922,[1] the Governing Body appointed a Building Committee which had general charge of the construction of the International Labor Office at Geneva which was dedicated on June 6, 1926.

The Governing Body as the authoritative organ in frequent session has appointed standing international commissions and committees to assist the Office as occasion warranted. The original appointment of such committees was made on the suggestion of the First Session of the Conference. Special nomination of experts for various purposes has since taken place. The Governing Body itself appoints committees from its own membership for special purposes in addition to its constituent committees for facilitating the conduct of its executive business. In order to give a full view of the structure of the Organization, the committees appointed by the Governing Body, which uniformly consist of an equal number of representatives of the Government, Employers' and Workers' Groups, are here listed:

I. Committees of the Governing Body

(1) *Committee on Conditions of Work in Coal Mines.* This committee was appointed to supervise the Office's investigation on this subject, and has been continued as a result of a decision to extend the investigation to conditions other than hours of work and wages. It consists of three members.

(2) *Unemployment Committee.* This committee was appointed to supervise the Office's work on unemployment

[1] *Official Bulletin*, VI, p. 525.

questions, following an interval after the discontinuance of a technical committee on the same subject. It consists of three members.

(3) *Committee on Social Charges.* This committee was appointed in October, 1926, to assist the Office in an inquiry into the calculation of the cost of social services in different countries. It consists of three members.

(4) *Hours Committee.* This committee, consisting of 12 members, was appointed to examine in the first instance the multifarious problems respecting the hours of work which are constantly before the Governing Body.

II. Committees including Members of the Governing Body, Technical Experts and Representatives of Other Institutions

(1) *Joint Maritime Commission.* This commission was established in 1920 and consists of two members of the Governing Body, seven representatives of shipowners and seven seamen. It holds annual sessions and examines maritime questions submitted to it, with special reference to preparing for the maritime sessions of the Conference. It has set up subcommittees of its own members on deck cargoes and seamen's welfare in ports.

(2) *Mixed Advisory Agricultural Committee.* This is a joint committee made up of representatives of the Governing Body and of the Permanent Committee of the International Institute of Agriculture, together with experts. It is convened on the initiative of either body to prevent duplication of work or to study problems of mutual interest. The six members of the Governing Body who sit on the committee were constituted in April, 1927, a Special Committee on Agricultural Questions for consideration of questions affecting only the Organization.

(3) *Permanent Migration Committee.* This committee consists of the officers of the Governing Body, assisted by numerous experts. It had its origin as far back as a resolution of the Washington Conference, when a commission was organized for the study of various phases of the emigration

problem. As the difference between emigration and immigration is primarily that of origin or destination, and the Organization is interested in the individual rather than the direction of his traveling, a nomenclature has been evolved by the Office which defines the general question as that of migration. The permanent committee was established in 1925 under the title of the Permanent Emigration Committee, the present name being adopted a little later.

(4) *Advisory Committee on Intellectual Workers.* This committee was set up in March, 1927, and its nucleus consists of three members of the Governing Body and two members of the International Committee on Intellectual Cooperation of the League of Nations. To this nucleus in the full committee are added representatives of the organizations of intellectual workers and appropriate experts.

(5) *Correspondence Committee on Industrial Hygiene and Safety.* This committee was established as a technical body of experts in 1922 to advise the office on questions within its field. The committee does not meet as a whole, since all told it consists of some 100 members. It has been divided into subcommittees on safety and on industrial fatigue. At its 38th session, the Governing Body decided to add six of its own members to the committee, three to deal with industrial health questions and the other three to deal with industrial safety problems.

III. Committees of Experts Only

(1) *Correspondence Committee on Social Insurance.* This committee was established in 1921. It consists of experts, — chiefly officials, — on sickness, invalidity, old age, life and other forms of insurance.

(2) *Committee on Native Labor.* This was appointed [1] by the Governing Body at its 32d session. The committee consists of a group of 12 experts of whom Joseph P. Chamberlain, Professor of International Law in Columbia University, is one. The committee was established in 1926 to

[1] *Official Bulletin*, XI, p. 119.

perform specific duties in connection with mandated territories and to examine the problem of forced labor in various backward parts of the world.

(3) *Committee on Art. 408.* This article of the treaty provides that states ratifying conventions shall report annually as to the application given to each convention in its territory. As these reports contain a large amount of important information and are frequently voluminous, the Conference felt that special machinery should be created for digesting them and calling attention to points which might require consideration. The committee was established in 1927 and consists of nine persons.

Duties Respecting Disputes

A procedure of conciliation is laid down in the constitution of the Organization (Arts. 411–420) with respect to complaints filed by one member respecting the observance of a ratified convention by another member. "Sanctions" are contemplated. The dispute comes before the Governing Body in the first instance; it may appoint a commission of inquiry, which shall prepare a report. If the commission's report is not accepted, the complaint may be referred to the Permanent Court of International Justice which may also receive labor questions under several detailed sets of circumstances. As a consequence of this jurisdiction, the Court has provided a Special Chamber for Labor Cases consisting of five members, with whom technical assessors are appointed to sit. The assessors are drawn from a list composed of two persons nominated by each Member of the League and an equivalent number nominated by the Governing Body of the Labor Office.[1] The *Annual Report* of the Court contains the list of assessors.[2] No occasion for using this machinery had arisen by July 1, 1928.

[1] Statute of the Court, Art. 26, printed in *Publications of the Court, Series D.*, No. 1, also *The World Court*, 1922–1928, W. P. F. Pamphlets, Vol. XI, No. 1.

[2] *Publications of the Court, Series E.*

Transfer of Social Insurance Funds

The transfer of territories as a result of the treaties of peace necessitated new arrangements with respect to the capital and reserves of disability and old age insurance, other types of social insurance funds, miners' superannuation funds, the superannuation funds of public undertakings such as railroads and of superannuation organizations established for the benefit of officers of public administrations and institutions. Provision in each of the treaties of peace was made for the equitable transfer of such moneys to the jurisdiction of the acquiring state. By Art. 312 of the treaty of Versailles and corresponding articles of the other treaties of peace (Art. 275 of St. Germain, Art. 258 of Trianon, Art. 202 of Neuilly), the German, Austrian, Hungarian and Bulgarian Governments undertake to transfer to the state to which territory is ceded, and also in the case of Germany to mandatory states with respect to mandated territory, "such portion of the reserves accumulated by the Government . . . or by public or private organizations under their control, as is attributable to the carrying on of social or state insurance in such territory." In case the transfer was not effected within three months by special convention "the conditions of transfer shall in each case be referred to a commission of five members, one of whom shall be appointed by the German Government, one by the other interested Government and three by the Governing Body of the International Labor Office from the nationals of other states." The recommendations of the commission determined by majority vote were to be submitted to the Council of the League of Nations, whose decision was to be final.

These provisions were executed in several cases outlined below.

Alsace Lorraine. An attempt to effect the transfer in respect to Alsace Lorraine by means of a special convention failed. As a consequence, France on December 18, 1920,

requested the application of the commission provisions.[1] The Governing Body in its 6th session appointed as its three members of the commission Christian Moser, professor of the science of insurance at the University of Bern, Switzerland, Anders Lindstedt, chairman of the Accident Insurance Council of Sweden, and Senator Mario Abbiate of Italy, former Italian minister of labor, vice-president of the National Social Insurance Office. The full commission met at Geneva March 14 to 19, a second time at The Hague April 25 to 30, and a third time at Basel July 3 to 4, 1921.[2] The commission's recommendations were adopted unanimously on June 4, 1921, and on June 21 the Council of the League adopted them and stipulated that they "shall have the authority provided for in Art. 312" of the treaty of Versailles. By a French decree of March 1, 1922, the recommendations of the commission were made effective in Alsace Lorraine.[3]

Poland. The Governing Body on July 6, 1921, appointed the same three commissioners to serve with German and Polish national commissioners to solve the same problem with respect to German territory ceded to Poland.[4] The commission met the first time at Poznan, March 14 to 18, a second time at Nuremberg, April 27 to May 4, and a third time at Geneva, June 6 to 10, 1922.[5] The Council of the League adopted the proposed recommendations by a resolution of July 17, 1922.[6]

Italy. On July 27, 1922, the Italian Government requested the Governing Body to appoint a commission to regulate the transfer of social insurance funds in the territory ceded by Austria to Italy. The Governing Body again appointed Messrs. Lindstedt and Moser, adding Professor Maingie of the University of Brussels as their third commissioner, Senator Abbiate of Italy not being

[1] *Official Bulletin*, III, p. 106.
[2] *Ibid.*, p. 369, 523, 712.
[3] *Ibid.*, V, p. 311.
[4] *Ibid.*, VI, p. 64.
[5] *Ibid.*, V, p. 217, 339, 426.
[6] *League of Nations Official Journal*, p. 789, 831.

eligible as a national of one of the parties. The Italian Government did not bring many questions before this commission. In two cases resolutions were unanimously adopted, but the full operation of the commission was postponed to await the result of regulations for the transfer of social insurance funds by a special committee consisting of representatives of the successor states to Austria-Hungary and the representatives of the Austrian Republic.[1]

Upper Silesia. On June 12, 1924, the Governing Body responded to a Polish request to appoint a commission to settle the method of transfer of the funds of social insurance institutions in the districts of Upper Silesia ceded by Germany to Poland. The original three experts were named.[2] The commission met first at Geneva, September 8 to 13, second at Breslau, October 22 to 25 and at Krakow, October 27 to 28, and third at Paris, November 20 to 26, 1924. Its unanimous recommendations were approved under the same conditions as previous recommendations by the League Council on December 9, 1924. The provision provided for the transfer by Germany to Poland of 26,000,000 gold marks to be paid in six annual instalments 1925 to 1930. A question as to whether the amount due was to be paid out of the Dawes annuities and was to be credited to German reparation payments subsequently arose and was remitted to arbitration under one of the provisions of the London agreements establishing the system of reparation payments under the Experts' (Dawes) Plan.

4. The International Labor Office

Art. 396 provides that the functions of the International Labor Office shall include:

> The collection and distribution of information on all subjects relating to the international adjustment of conditions of industrial life and labor, and particularly the examination of subjects which

[1] *Report of the Director*, 1922, p. 906.

[2] *Official Bulletin*, IX, p. 138.

it is proposed to bring before the Conference with a view to the conclusion of international conventions, and the conduct of such special investigations as may be ordered by the Conference.

It will prepare the agenda for the meetings of the Conference.

It will carry out the duties required of it by the provisions of this part of the present treaty in connection with international disputes.

It will edit and publish in French and English, and in such other languages as the Governing Body may think desirable, a periodical paper dealing with problems of industry and employment of international interest.

Generally, in addition to the functions set out in this article, it shall have such other powers and duties as may be assigned to it by the Conference.

The Director of the Office, or his deputy, attends all meetings of the Governing Body and acts as secretary of the Conference. He is responsible for the efficient conduct of the Office and "for such other duties as may be assigned to him." Government documents of any Members which deal with questions of industry and employment are communicated to the Director. Since the Office is the organ through which the Director carries out his duties, it naturally falls to it to act as a secretariat of both the Governing Body and the Conference and to carry on the correspondence with Governments. It is stipulated that "the International Labor Office shall be entitled to the assistance of the Secretary-General of the League of Nations in any matter which it can be given."

The personnel of the International Labor Office numbered 375 persons in 1927. They were of 35 nationalities. The appointments are made after competitive examinations.

While the Office is primarily under the control of the Governing Body so far as its technical work is concerned, it receives many directions as to work to be done from the Governing Body as a result of resolutions passed by the Conference.

A further physical control arises from the fact that all expenses of the Office, the Conference and the Governing Body, except the traveling and subsistence expenses of

delegates and advisers, "shall be paid to the Director by the Secretary of the League of Nations out of the general fund of the League." Moreover, the Director is responsible not to the Governing Body, but to the Secretary-General of the League, for the proper expenditure of all moneys paid to him. The budget of the League is voted by its Assembly, and, as a consequence, the Director of the Office is ultimately responsible to the League Assembly with respect to financial matters.

When the First Assembly of the League met in 1920, delegates of the Member states wished to satisfy themselves that the institutions for which they were voting money were efficiently operated. As a consequence, that Assembly recommended to the Council on December 17, 1920, that "it take the necessary steps to appoint, as soon as possible, a small committee of experts to consider all factors connected with the organization, method of work, efficiency, number, salaries and allowances of the staff and with the general expenditure of the whole organization, as well as with all other points necessary to enable the Assembly to form a fair judgment with respect thereto, both as regards the Secretariat and the International Labor Office." The committee transmitted a report which was submitted to the Second Assembly.[1] On October 5, 1921, that Assembly passed a recommendation that the committee be appointed by the Council to continue its work and submit a further report. In response, the Council appointed the Supervisory Commission, which has since exercised a financial oversight of both the Secretariat and the International Labor Office. It receives the audited accounts, examines the business methods of the institutions and makes a preliminary examination of the budget estimates.

Staff

The staff of the Office serves under definite appointments, the principal members being divided into Class A

[1] League of Nations, *Records of the Second Assembly, Meetings of the Committees*, II, p. 174.

and Class B according to character of their work.[1] Questions such as graduated salary scales, promotions, reappointments and disciplinary questions inevitably arise in a group of nearly 400 people. There are, consequently, staff regulations, devised both to facilitate executive decisions on staff matters and to inform members of the Office of the standards to which they are expected to conform.

In both the League Secretariat and the Office disputes may arise with respect to the execution of contracts of employment. With a view to creating an appropriate jurisdiction for such differences of opinion, the Assembly of the League has provided for an Administrative Tribunal, which operates on a definite procedure. The tribunal was set up at the beginning of 1928.

The International Labor Office has been organized in part upon the European administrative system. The work is in considerable measure centralized in the Director's office and distributed through his cabinet, or private secretariat. The general scheme of organization is as follows:

I. Directorate
   A. Director: Albert Thomas
   B. Deputy-Director: Harold B. Butler
II. Administrative Section
III. Editorial and Translation Section
   P. Waelbroeck (Belgian) Chief of Section
IV. Diplomatic Division
   E. J. Phelan (Irish) Chief of Division
V. Research Division
   Fernand Maurette (French) Chief of Division
VI. Intelligence and Liaison Division
   Dr. G. E. di Palma-Castiglione (Italian) Chief of Division

The allocation of the duties of the Office among its various sections can be seen in detail from the following

[1] List of staff appears annually in January number of League of Nations, *Official Journal*.

table of divisions and definitions of functions as given in the budget:[1]

I. DIRECTORATE:

A. *Director.*

1. Director's Cabinet:
   Acts as the cabinet in a French ministry (English: private secretariat), prepares questions for submission to the Director, transmits the Director's decisions and controls their execution.
2. Director's private secretariat.
3. Press Service.
4. Office-keeper.

B. *Deputy-Director.*

1. Deputy-Director's Secretariat:
   Acts as a private secretariat and, in addition, assists in the general work of the cabinet.

II. ADMINISTRATIVE SECTION:

Deals with all administrative questions relating to finance, staff, supplies, internal services, and general office organization; directs, coordinates and controls all central services.

A. *Secretariat.*

B. *Central Services.*

1. Registry and Dispatch:
   Receives and distributes all correspondence, telegrams and parcels; records particulars of all communications on official matters; is responsible for the movement of all registered files; retains all files on which action is complete or suspended. Registration and dispatch of letters, telegrams, printed documents and parcels.
2. Typing, Multigraph and Roneo Branch:
   Central shorthand and typing pool drawn upon by all sections of the Office not provided with special assistance. Reporting of Conference, commissions, Governing Body meetings, etc. Re-

[1] League of Nations, *Official Journal*, IX, p. 43*ff*.

production of documents for Governing Body and commissions, press communiqués, circulars, etc.

a. Typists.

b. Multigraph and Roneo Operators.

3. Financial Control Branch:
   Is responsible to the Director, through the Chief of the Administrative Section, for the proper expenditure of the budget credits; the authorization and registration of all proposed expenditure; the verification and allocation to the corresponding headings of all items of expenditure and receipts.
4. Accounts Branch:
   Keeps the accounts; makes all payments; prepares necessary statements and balance sheet for submission to the Governing Body, Director and Auditor in accordance with the Financial Regulations.
5. Staff Branch:
   Deals with all matters relating to the engagement and transfers of staff by competitive or qualifying examinations; interchange of staff; in charge of staff files, acts as secretariat of administrative and joint committees; is responsible for the application of the Staff Regulations; controls attendance and sick and annual leave of staff.
6. Material Branch and Household Services:
   Purchase of stationery and all office furniture, upkeep of buildings; controls the messenger service; is responsible for the household services (cleaning, heating, lighting, laundry, upkeep of garden, motor-car, etc.)

   a. Office Supplies.

   b. Household.

   c. Telephonists.

   d. Messengers.

III. Publications and Translation Section:
Responsible for the examination, translation, publication, and preparation for printing and for the sale and the distribution of all Office publications.

A. *Editorial Service.*

B. *Translation Service.*

C. *Printing and Distribution Branch.*

IV. Diplomatic Division:

A. *First Section:*

a. Group I:
Secretariat of the Governing Body and its committees.

b. Group II:
Reports on the application of conventions (Art. 408), Record of the Conference, and preparation of *Official Bulletin.*

c. General Questions relating to Ratification of Conventions.

B. *Second Section:*

a. Group I:
Preparation of Conference.

b. Group II:
Official Correspondence with Governments.

c. Group III:
Maritime Questions.

C. *Third Section:*

a. Group I:
Conditions of labor in colonies, protectorates, possessions and territories under mandates; native labor; forced labor and slavery.

b. Group II:
Application to the colonies, etc., of ratified conventions (Art. 421); labor conditions in the Far East.

D. *Legal Service:*
Gives legal advice on such questions as are referred to it; assists as regards the legal aspect of questions which may be the subject of studies or research.

E. *Migration Service:*
Matters concerning emigration, immigration and the protection of foreign workers; collection of information (legislation, etc.) affecting emigrants and immigrants; preparation of material for publication.

V. Research Division:

A. *First Section:*
Preparation of statistical studies relating to labor; collects and compiles statistics of prices, cost of living, wages and of all subjects relating to labor; works out statistical methods and tabulations with a view to insure coordination and uniformity of statistics relating to labor; also other studies, having for basis principally statistics concerning labor (housing, etc.); collaboration with the Statistical Services of the League of Nations.

B. *Second Section:*
Preparation of studies relating to legislation and the legal regulation of labor. Preparation of comparative studies of legislation, administration and legal procedure in connection with questions of labor. Translation and publication in French, English and German of the more important laws and administrative orders in all countries of the world; maintains the register of social legislation. Comparative study of judicial decisions and jurisprudence concerning labor which may be important from an international standpoint. Preparation of studies of collective agreements (hours of labor, wages, methods) and of conciliation and arbitration.

C. *Third Section:*
Preparation of studies of labor conditions other than those having solely or essentially a statistical or juridical basis; intellectual workers (collaboration with the International Institute for Intellectual Cooperation); woman and child labor, night work; workers' leisure; technical training (pre-apprenticeship, vocational guidance, apprenticeship, technical education); scientific methods of work, etc.

D. *Fourth Section:*
Comprehensive study of economic factors in so far as they affect labor.

E. *Social Insurance and Disablement Service:*
Preparation of studies on all questions relating to social insurance and men disabled on account of war

or industry (calculation and payment of allowances, vocational training, means of finding employment, wages, etc.

F. *Unemployment Service:*
Prepares comparative studies of the various technical problems connected with unemployment: statistical methods, systems of unemployment relief and insurance, methods of finding employment, relief works, etc. Studies the facts and problems relating to employment in relation to economics (general theory, periodical crises, seasonal, accidental, etc.); collaboration with the Economic Section of the League of Nations.

G. *Agricultural Service:*
Studies relating to agricultural labor; conditions of labor (hours, wages, unemployment, contracts); repercussion on agricultural labor of economic conditions of agriculture. Agricultural technical education; agricultural cooperation. Collaboration with the International Institute of Agriculture, Rome, and with the important agricultural organizations.

H. *Industrial Health Service:*
Deals with all questions connected with industrial hygiene, including comparison and coordination of the legislative provisions of different countries; prepares general or special inquiries on unhealthy occupations; collaboration with Health Organization of the League of Nations.

I. *Safety Service:*
Studies reports of factory inspectors in respect of accident prevention and of other organizations which enforce safety measures; prepares comparative studies of the organization of factory inspection in industrial countries; reads periodical publications dealing with technical questions of industrial safety and prepares information on the more important events for the publications of the Office.

J. *Russian Service:*
Studies social and economic questions in Soviet Russia (labor conditions, vocational organization, output, etc.).

VI. INTELLIGENCE AND LIAISON DIVISION:

A. *First Section:*

1. Employers' Organizations Service:
Relations with international and national employers' organizations and preparation of information with regard to them.
2. Workers' Organizations Service:
Relations with international trade union associations and with national trade union movements; relations with women's organizations, and preparation of information with regard to such organizations.
3. Cooperative Organizations Service:
Relations with the cooperative movement and preparation of information with regard to them.
4. Library:
Procures, classifies, catalogs, lends and distributes books and pamphlets, periodicals and newspapers; is responsible for the loan and distribution of printed documents, etc.

B. *Second Section:*

1. Information Service.
2. Documentation Service:
Subscriptions to periodicals; examination and circulation of periodicals; distribution and circulation of press cuttings; centralization of all information obtained by the Office in reply to requests for information.
   a. Reading of periodicals and preparation of résumés of articles.
   b. Parliamentary reports, reports of correspondents and press cuttings.
   c. Periodicals: subscription to and loan of.

Collection of Information

The principal duty of the International Labor Office is the collection of the information required for the work of the Organization. A glance at the detailed schedule of the divisions and sections given above will show how extensive the research work is. Publication of information occurs in a series of *Studies and Reports* and in documents prepared for the sessions of the Conference.

Publications of general interest are the monthly *International Labour Review* and the weekly *Industrial and Labour Information*. Other periodicals are the *Industrial Safety Survey*, the *International Labour Directory*, *Monthly Record of Migration* and the *Legislative Series*. The latter has been collected into volumes giving the texts of important laws and regulations affecting labor in the different countries of the world. An annual related publication is the *International Survey of Legal Decisions on Labour Law*. The *Bibliography of Industrial Hygiene* and an *Encyclopedia of Industrial Hygiene* are periodically issued.

From time to time special reports on various subjects appear. Special research is, however, usually published in the *Studies and Reports*, which are divided into an alphabetical series covering some eighteen major subjects.

The Office issues the stenographic proceedings of each session of the Conference, and in connection with the sessions there are questionnaires and reports on items under discussion issued in advance for the information and action of the delegates.

All the publications are issued in French and English and are available for sale to the public. Some are issued in German, and documents of particular interest to Latin America have been issued in Spanish. While much of the information contained in the publications is compiled from official and other documents reaching the Office, many of the most valuable studies are the result of direct requests to Governments and organizations by means of questionnaires.

Some conception of the amount of publishing required by the activities of the Organization may be gained from the number of pages in all editions of all the publications during a succession of years. Following is the total pagination in recent years:

1925	20,900 pages
1926	26,000 pages
1927	27,100 pages

Requests for Information

The importance of the Office as a clearing house of information is indicated by the number of requests for information dealt with. In 1922, the total number of requests for information received did not exceed 180. In 1927, these requests reached the number of 920, compared with 812 in 1926, without counting those received and answered directly by the national correspondents of the Office.

The table below includes, as single units, requests from Governments which have required long and minute inquiries and the dispatch of much original information. Many Government departments, when they are preparing draft legislation, apply to the Office to obtain detailed information on the measures existing in the legislation of other states. Requests received in 1927 are classified by their subject-matter in the following table:[1]

[1] *Report of the Director*, 1928, p. 46.

Subjects	Governments	Employers' Organizations	Workers' Organizations	Miscellaneous Organizations Individuals
Conditions of work, hours, wages, copartnership and profit-sharing, arbitration and conciliation	29	17	54	87
Health and safety	25	6	19	60
Miscellaneous: addresses, bibliographies, statistics, economic situation, production, consumption, economic barometers, taxation, demographic questions	8	3	27	59
The International Labor Organization, Conferences, ratifications	11	–	8	76
Social insurance, disabled men	13	2	11	54
Labor legislation	14	1	17	43
Employment and unemployment	10	1	5	27
Apprenticeship and vocational guidance	8	–	9	25
Employers' and workers' organizations	3	2	16	18
Cooperation	4	–	3	32
Family budgets, cost of living, housing	4	2	5	22
Agriculture	7	1	2	17
Migration	4	1	2	13
Maritime labor	5	–	4	9
Intellectual workers	–	–	3	5
Native workers	1	–	–	6

The source of the 812 requests for information received in 1926 is given by countries as follows (the figures for the preceding year are indicated in parentheses): Great Britain 137 (120), Germany 114 (94), Switzerland 112 (68), France 92 (78), United States 43 (41), Belgium 40 (25), Italy 37 (33), Czechoslovakia 32 (25), Poland 21 (25), Netherlands

17 (16), Austria 17 (17), Australia 14 (8), Sweden 13 (11), Luxemburg 12 (8), India 10 (4), Rumania 9 (11), Japan 8 (7), Russia and Ukraine 6 (3), Spain 6 (7), Norway 5 (5), Saar Territory 4 (2), Canada 4 (7), Argentina 3 (4), Chile 3 (1), China 3 (0), Finland 3 (1), Greece 3 (4), Hungary 3 (4), Ireland 3 (8), Serb-Croat-Slovene Kingdom 3 (3), Palestine 2 (1), Turkey 2 (0), Denmark 2 (6), Lithuania 2 (0), Latvia 2 (4), South Africa 1 (3), Brazil 1 (1), Bulgaria 1 (0), Egypt 1 (2), Estonia 1 (0), New Zealand 1 (2), Persia 1 (0).

In addition 18 requests were received from international workers' organizations.

Certain countries which are not members of the International Labor Organization have applied to the Office for assistance. The number of requests received from the United States, though only slightly higher for 1926 than for 1925, were nearly double that for 1924.

The requests for information received may be further subdivided according to source as follows:

	1926	1927
Governments	136	146
Employers' organizations	42	36
Workers' organizations	125	185
Cooperative organizations, associations of disabled men, miscellaneous	509	553
	812	920

The Library includes over 150,000 items, in more than 30 different languages, and over 2,000 periodicals coming from 55 countries are regularly received.

Labor Statistical Conferences

The Office in performing its duties of collection and distribution of information early found that the effort to present results in statistical form was made difficult by

the lack of comparability in the statistics of different countries. On its proposal, the Governing Body at its 18th and 19th sessions authorized the calling of an International Conference of Labor Statisticians for the purpose of examining the possibilities of laying down a uniform system for the drawing up of labor statistics in the different countries, so far as this was possible in view of the fact that in many countries statistics are the by-product of national legislative provisions. In any case, it was desirable to seek scientific agreement upon the best standards in compiling statistics.

As a consequence of this action, conferences of governmental labor statisticians have been held on three occasions as follows:[1]

1. Geneva, October 29–November 2, 1923.
2. Geneva, April 20–25, 1925.
3. Geneva, October 18 to 23, 1926.

The three conferences, besides producing joint monographs on various subjects, have adopted resolutions upon:

Classification of industries and occupations.
Statistics of wages and hours of labor.
Statistics of industrial accidents.
Cost of living, index numbers (intended to measure changes in the cost of living in a given country at different periods).
Unemployment statistics.
International comparisons of real wages.
Classification of industries.
Methods of family budget inquiries.
Statistics of collective agreements.
Statistics of industrial disputes.

As a basis for much statistical work in the social field, the third conference recognized the need for holding inquiries into family budgets every ten years, and for basing

[1] For accounts of the sessions see *Studies and Reports, Series N*, Nos. 4, 8 and 12.

such inquiries on a considerable number of families which should be requested to keep daily accounts of income and expenditure over a sufficiently long period. The problems involved in making an exact distinction between a strike and a lock-out, and the best methods to adopt for determining accurately the results of industrial disputes raised typical questions which confront the statistician.

Visits of Officials

The Director and the Deputy-Director keep in touch with the Member states through frequently responding to invitations from Governments to visit their countries. Such visits contribute both to the national understanding of the work and purposes of the Organization and to an appreciation by the Office of the national conditions affecting the problems dealt with in draft conventions and recommendations or in studies in process.

From February 20–March 10, 1927, the Director visited Greece and Hungary on the invitation of the Governments, stopping also in Austria and the Serb-Croat-Slovene State. In the three weeks, August 9–30, 1927, he visited the Scandinavian and Baltic States. As a result, he was able to report at the session of the Governing Body held in Berlin upon the relations of the Organization with Denmark, Norway, Sweden, Finland, Estonia, Latvia and Lithuania. From May 2 to 13, 1928, he was in Italy and Spain.

The Deputy-Director in 1927 paid a two-month visit to South Africa, visiting Cape Town, Pretoria, Johannesburg, Bloemfontein, Durban and Port Elizabeth. He was also the guest of the Governor of Southern Rhodesia.

The Director visited the United States in 1923 and the Deputy-Director in 1926.

In an office in which 35 nationalities are represented, the vacation leaves of members of the sections take them to many countries, where personal contacts are established or renewed.

National Correspondents

The fundamental duty of the International Labor Office of collecting information early pointed to the desirability of its establishing offices in various capitals for the collection of multifarious data which is required. Offices are maintained in Paris, London, Washington, Rome, Berlin, Tokyo and Delhi. The Washington correspondent is Leifur Magnusson, 701 Lenox Building, 1523 L Street, Washington, D. C. The correspondents have the further duty of maintaining contacts with the Governments, the employers' and workers' organizations and with the many associations which are especially interested in subjects coming within the field of interest of the Office or under preparation for decision by the Conference.

Scientific Management Institute

The Office published in 1927, a study by Mr. Paul Devinat, a member of its staff, entitled *Scientific Management in Europe.*[1] The preparation of this study of the evolution of scientific management, its development in various countries, and the attitude toward it of employers, workers and the general public, was made possible by the help of the trustees of the Twentieth Century Fund of Boston. It represents the results of an inquiry which paved the way for the International Institute for Scientific Management, established at Geneva in collaboration with the International Labor Office and the International Committee on Scientific Management. The institute is financed at present mainly by the Twentieth Century Fund. Its broad purpose is to collect and distribute information relating to scientific management, to study its problems, and to bring into touch all persons or institutions interested in the rational organization of production. The Office, in taking part in the creation of this institution, complied

[1] *Studies and Reports, Series B,* No. 17.

with a resolution adopted by the Eighth Session of the Conference to the effect that it should devote special attention to questions of the scientific organization of industry, "in view of the fact that these questions are of increasing social interest." Three members of the Governing Body, one from each group, were appointed at its 34th session[1] to the board of management of the Institute.

Present Program

The program of the Office varies, but is always largely directed to executing work suggested by the Conference, in addition to the conduct of investigations already under way. The schedule for 1928 is very diverse. In addition to preparation for two sessions of the Conference in 1929, resolutions adopted in the Eleventh Session of the Conference asked the Governing Body to invite the Office to make studies on the following subjects:

Methods adopted to decrease or eliminate the various causes of decreased production (accidents, ill-health, irregularity and instability of employment, barren disputes, etc.);

The progress of the spirit of collaboration between employers and workers;

The effects of rationalization on the condition of the workers;

Workers' dwellings and housing conditions of the workers;

Dangers involved in the work of motor-car drivers and other workers in the motor-transport industry;

Dangers involved in the one-man system of locomotive driving;

Collective agreements in agriculture;

The efforts made and the results obtained in various countries in the re-education and re-employment of the disabled;

The conditions of work of men, women and children employed in the textile industry;

The opinion of workers' circles with regard to calendar reform.

[1] *Official Bulletin*, XII, p. 9.

Relations with League of Nations

The relations of the International Labor Organization with the League of Nations have taken the form of a constantly increasing cooperation. On April 14, 1921, the general question was raised before the Governing Body, when it had under consideration a resolution of the First Assembly of the League, extending an invitation to appoint members to the Temporary Mixed Commission on Armament. The Employers' Group at that time considered that this action lay outside the sphere of activities of the Office as defined by the treaty. It was evident from the motion submitted by the Employers' Group that they regarded the invitation as an opportunity to determine the definite limits of the activities of the Office. After a long preamble, the motion submitted that all inquiries should be kept within the limits of Arts. 396 and 411 and the following articles of the treaty and that all information collected by the Office should be of a documentary nature, "and deal only with such facts as are, or can justly be considered to be directly related with international legislation."[1] The Governing Body proceeded to the discussion and appointment of members to the League Temporary Mixed Commission, the Employers' Group making a formal statement and abstaining from the vote.[2]

At the next sitting, on the motion of a member of the Workers' Group, the Governing Body instructed the Director of the Office to draw up a report "examining the means of collaboration between the International Labor Office and the League of Nations." On July 6, 1921, the Governing Body discussed the problem at some length, including a letter from the Secretary-General of the League relative to a proposal that the Director should attend meetings of the Council, when it was desirable in the opinion of the Governing Body, to insure coordination on

[1] *Official Bulletin*, III, p. 513.
[2] *Ibid.*, p. 515.

matters of common interest. In the course of the discussion, the Employers' Group moved that this would not be in accordance with the treaty and would establish between the two organizations other official relations than those expressly provided for in the treaty. The Governing Body in the end authorized "the Director to attend the meetings of the Council of the League, when it is necessary, in order to support the views of the Governing Body before the Council when questions directly affecting the work of the International Labor Organization under Part XIII of the treaty of peace may be under consideration." The resolution received the support of all members of the Governing Body except two of the Employers' Group.[1]

Mixed Committees. After this initial examination of the questions of relations between the Organization and the League, the policy of cooperation continued steadily. The fact that the same Governments were Members of the Conference and of the League Assembly contributed to this development, which has also been fostered by the idea expressed in Art. 398 to the effect that the Office "shall be entitled to the assistance of the Secretariat of the League of Nations in any matter on which it can be given."

As a consequence, there has grown up a consistent cooperation on any subject in which the Organization and the League are likely to be useful to each other. Not the least interesting of these was the transfer of the problem of the Russian and Armenian refugees to the Organization when it had taken on the character of finding employment for the unfortunates concerned. In some committees, such as the Mixed Committee on Economic Crises, the League machinery has taken up a question on the initiative of the Organization. In others, such as intellectual work, the initiative has lain with the League. There is the fullest formal and informal cooperation between the Office and the Secretariat of the League.

[1] *Official Bulletin*, IV, p. 65.

With respect to committees, the Governing Body and the Office cooperate with the League's Committee on Intellectual Cooperation, Advisory Commission for the Protection and Welfare of Children and Young Persons, Communications and Transit Organization, Mandates Commission, Preparatory Commission for the Disarmament Conference, Health Organization and the Economic and Financial Committees.

The Joint Commission of Experts on Health Insurance and Public Health Administration consists of members representing public health services selected by the Health Committee of the League and members representing health insurance organizations selected by the Governing Body.

World Economic Conference

The world of labor has long realized the close interdependence of economic and social problems. At the Washington Conference in 1919 the Workers' Group raised the question of the international distribution of raw materials; in 1920 the Governing Body of the Office decided to undertake an international inquiry into production; in 1921 and 1922 the Conference discussed unemployment and the work of the Genoa Economic Conference. The Organization was closely associated with the International Economic Conference at every stage of its work. The Office collaborated with the Preparatory Committee, and prepared several documentary reports for the Conference; the Conference comprised a large number of persons, representing the Organization directly or indirectly. Arthur Fontaine, chairman of the Governing Body, appointed a member of the Conference by the Council of the League, delivered a speech at the fifth plenary meeting of the Conference on May 6, which included the following passages:

The Council of the League of Nations was good enough to appoint the Chairman of the Governing Body of the International Labor Office a member of this Conference, and on coming here

I meet a large number of my colleagues at the International Labor Conferences, who have been sent to this conference by their Governments. This is because the questions to be discussed here are intimately connected with the work of the International Labor Organization, with labor legislation and with social justice.

Part XIII of the treaties of peace of 1919, which is the constituent charter of the International Labor Organization, shows clearly the connection between the Organization and the Economic Conference.

We have the same end in view, namely, peace, real peace, without the haunting fear of war; peace secure and peace prosperous. There are two methods of attaining this end, and two conditions of its maintenance, namely, economic peace and social justice.

Economic peace and social justice! Industrial competition depends on production costs, and production costs to a large extent depend on conditions of labor, such as hours of work, wages, social insurance and industrial hygiene. It is true that these conditions do not all tend to raise production costs, over an indefinite period, since, by the impulse which they give to the use of machinery, to the better employment of raw material and of hours of work by means of the increased health, strength and dexterity of the worker, and by the development of his education, they create compensatory advantages and economies. It is none the less certain that during a period of ten or twenty years' development, production costs tend to increase, and international competition has turned to the advantage of those who have established the strictest conditions of labor.

Mr. Fontaine then referred to the question of customs tariffs. Drawing attention to the contribution to the Conference of workers and cooperators, Mr. Fontaine said:

I could also point to many employers and workers (no doubt with small variations of view, since each group has provisional interests to consider and special interests to defend) to employers and workers agreed in contemplating international industrial agreements under public supervision, seeking some new and rational organization of industry and commerce, and uniting in the understanding of two important objects, namely, a high level of output under proper conditions of industrial hygiene, and spare time for recreation made possible by intensive production in a 48-hour week.

This is an additional explanation of the ardent zeal of the International Labor Office in taking part in the practical and theoretical work of the International Economic Conference.

Several resolutions of the conference involved questions within the Organization's sphere of interest. Therefore, when the League organized the Consultative Committee to carry forward the decisions of the World Economic Conference, it was agreed that the Office should propose for membership of this committee three workers' members. At its 39th session the Governing Body, the Director informed it of the results of the negotiations on this subject which had been undertaken with the Secretariat of the League of Nations and the Chairman of the Consultative Economic Committee. The following proposals were adopted:

(1) That the chairman of the Governing Body of the International Labor Office should be asked to attend meetings of the Consultative Economic Committee.

(2) That the technical services of the Office should take part in the preparatory work for the committee in the same way as they had taken part in the preparations for the International Economic Conference.

(3) That the Director of the International Labor Office should be asked to attend the meetings of the presidential board of the Consultative Economic Committee for the consideration of questions of interest to the International Labor Organizations.

The Office cooperated in the documentary preparation of the conference by compiling the following reports: [1]

Results of Certain of the Enquiries for Instituting Comparison between the Retail Prices in Private Trade and those of Distributive Co-operative Societies.

Report on Legislation concerning the Movement of Labour and Migration in General.

Scientific Management in Europe.

[1] These reports are on sale at World Peace Foundation.

The Part Played by Co-operative Organisations in the International Trade in Wheat, Dairy Produce and Some Other Agricultural Products.

Migration in its Various Forms.

Reports on the Standard of Living of the Workers in Various Countries.

The Relation of Labour Cost to Total Costs of Production in Agriculture.

III. RECORD OF RESULTS

1. The Network of World-Wide Agreement

THE primary object of the International Labor Organization being to raise the social standard and to make the conditions of life more harmonious, it is only by a view of its activities as a whole that an estimate of its accomplishments can be had. In attempting to summarize its work, several points of view must be appreciated. The Organization's efforts may be appraised from the point of view of quantity, quality or progressive social value.

With respect to progress, only a most thorough examination of social conditions throughout the world would enable one to draw even an approximate conclusion. The Organization came into being in large measure to adjust the human inequities incident to the rapid development of an industrial civilization.

In an institution of world-wide scope, this purpose was, naturally, more realizable in some states than in others. The political entities of the world vary all the way from the simplest agricultural, or even patriarchal, communities to the most highly industrialized states. It follows that the decisions of the Conference affect the whole body of them very unevenly. Nearly one-third of the Member states of the International Labor Organization have not regarded it as essential to their social improvement to take action on any of the draft conventions. The following 17 states are in this group: Albania, Colombia, Dominican Republic, Ethiopia, Guatemala, Haiti, Honduras, Liberia, Lithuania, New Zealand, Nicaragua, Panama, Persia, Peru, Salvador, Siam and Venezuela.

Other states have shown a preference for enacting national legislation consonant with the draft conventions instead of ratifying them as international acts. Federal states such as Australia, Brazil, Canada and Switzerland find themselves somewhat hampered in taking international engage-

ments on subjects which are under the primary control of provincial authorities. A highly industrialized state like Luxemburg — small though it is — finds itself benefited by ratifying all of the draft conventions. A civilized state like Switzerland can never hope to establish so perfect a score because its continental position inevitably makes the various conventions respecting seamen and maritime affairs of no interest to it. States like Denmark, with a highly developed sense of social responsibility, frequently find themselves going farther on their own initiative than an international draft convention, agreed to by diverse states, could be expected to go. Highly complicated civilizations such as those of France, Germany and Great Britain not infrequently find that they have anticipated in their national legislation or social regulations the subject matter of conventions which have just ripened for international agreement.

It would, therefore, be impossible to indicate the actual progress which has resulted from the establishment of the International Labor Organization without making a detailed study of the conditions in each state and the effect which the draft conventions and recommendations have had upon its legislation and practices. Taking the number of ratifications of 26 conventions as an indication of the benefit which states have derived from the Organization, the following figures as of October 1, 1928, appear:

Argentina	0	Finland	10
Australia	1	France	12
Austria	8	Germany	9
Belgium	19	Great Britain	13
Bolivia	0	Greece	10
Brazil	0	Hungary	13
Bulgaria	16	India	11
Canada	4	Irish Free State	9
Chile	8	Italy	12
China	0	Japan	6
Cuba	16	Latvia	14
Czechoslovakia	9	Luxemburg	25
Denmark	7	Netherlands	10
Estonia	15	Norway	4

Paraguay	0	Spain	8
Poland	14	Sweden	11
Portugal	2	Switzerland	5
Rumania	11	Uruguay	0
Serb-Croat-Slovene State	12		
South Africa	3		327

Quantitative Record

Turning to the quantitative point of view, accurate statistics are available, but the full force of them can only be appreciated by a thorough understanding of the conditions in each state.

In the statements of the substance of agreements reached by the Conference in the following pages, there is attached to each recommendation the list of states which have communicated action on it to the Secretary-General of the League. Obviously, the action of different states varies in form and sometimes in character, according to their internal structure.

In the case of the draft conventions a more complicated record is necessary. The fact that the Conference passes only draft conventions raises a technical difficulty at the outset.

Customarily, an official conference agrees upon a text and plenipotentiary delegates sign it, thus giving to their fellows evidence that the convention is consistent with the instructions of their Government with respect to its elaboration. The formal signing of such a convention is the first legal step toward its acceptance as a binding engagement. In the case of the draft conventions of the Conference, no similar step is taken. The draft convention is submitted to the executive Government of each state, which then submits it to the "competent national authority." If this submission is accompanied by a recommendation for approval, this step would seem to have approximately the effect of the signing of an ordinary convention.

When the "competent national authority" approves a draft convention, the way is cleared for its ratification by the executive Government. In the case of parliamentary

control over treaties, the "competent national authority" is customarily the parliament. In other states, it might be the interested ministry. In any case, the approval having been obtained, ratification becomes the formal next step. There are, consequently, three essential stages in making a draft convention into an international obligation:

1. Recommendation to "competent national authority," comparable to signing;
2. Approval by "competent national authority," equivalent to approval of ratification;
3. Ratification, which is brought to international cognizance by registration with the League of Nations.

While a state participating in a Conference producing a draft convention has given a certain hostage in the premises, it is, naturally, not obliged to accept the document as an international obligation. As already pointed out, there are many reasons why it may be more appropriate for a state to achieve all or part of the conventional result by means of legislation. In the case of states with a parliamentary condition for ratification, legislation in preparation, progress or even passed may be a prelude to ratification. Until ratification actually takes place, however, legislation has only the effect of creating a national, rather than an international, obligation.[1]

If a state decides not to ratify the draft convention, but only to apply it nationally, legislation is required. The recording of the passage of such legislation is one of the criteria for gaging the effect of the draft conventions. It not infrequently happens that states have anticipated the convention by legislation passed at an earlier date. From the point of view of recording the extent to which the conventions establish an international standard, this fact is in point.

The following table as of July 1, 1928, shows the extent to which the 27 international labor conventions have affected the standard of social conditions throughout the world:

[1] See Jean Morellet, "At what Moment do International Labour Conventions Become Applicable," *International Labour Review*, XVI, p. 755.

Conspectus of Action

	1. Hours	2. Unemployment	3. Childbirth	4. Night Work, Women	5. Minimum Age (Industry)	6. Night Work, Young Persons	7. White Phosphorus	8. Minimum Age (Sea)	9. Unemployment Indemnity	10. Employment	11. Minimum Age (Agriculture)
International Engagement[1]											
Ratifications registered	13	23	10	18	16	20	27[2]	20	11	15	12
Approved by competent national authority	2	1	1	0	3	1	–	1	1	1	0
Recommended for approval	8	7	9	9	7	8	–	5	5	5	8
Total	23	31	20	27	26	29	27	26	17	21	20
National Action											
Legislation passed before adoption of convention	2	7	0	3	1	2	–	1	1	6	5
Legislation passed since adoption of convention	4	13	5	11	12	14	–	11	6	7	4
Legislation passed	10	4	8	6	4	5	26	6	3	1	6
Legislation in progress	6	4	5	6	6	7	–	6	7	4	2
Total	22	28	18	26	23	28	26	24	17	18	17
Total, International engagement and national action	45	59	38	53	49	57	53	50	34	39	37

[1] The portion of the table dealing with *International Engagement* is historically
tion and approval and therefore represent 1,002 (334 x 3) instances of action of inter-
resents the previous stage of recommendation, or 60 (30 x 2) instances of action of in-
(1,002 + 60 + 159) and the total record of action is 1,673.

[2] All ratifications of Bern convention of 1906 are tabulated, though they are not all

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12. Rights of Association (Agriculture)	13. Workmen's Compensation (Agriculture)	14. White Lead	15. Weekly Rest (Industry)	16. Minimum Age (Trimmers and Stokers)	17. Medical Examination, Young Persons (Sea)	18. Workmen's Compensation (Accidents)	19. Workmen's Compensation (Diseases)	20. Equality of Treatment (Accidents)	21. Night Work in Bakeries	22. Inspection of Emigrants on Board Ship	23. Seamer's Articles of Agreement	24. Repatriation of Seamen	25. Sickness Insurance (Industry, etc.)	26. Sickness Insurance (Agriculture)	27. Minimum Wage-fixing Machinery	Totals
17	12	15	16	19	19	7	9	16	2	7	3	2	3	2	–	334
0	1	3	4	2	1	0	1	1	0	1	2	3	0	0	–	30
5	7	4	3	4	4	8	9	8	10	5	8	9	2	2	–	159
22	20	22	23	25	24	15	19	25	12	13	13	14	5	4	–	523
14	6	0	7	1	0	0	0	3	0	0	0	0	0	0	–	59
2	4	8	6	9	11	0	0	0	0	0	0	0	0	0	–	127
6	4	1	5	7	6	6	9	14	5	6	2	2	3	2	–	157
1	3	8	1	4	2	7	9	1	3	0	3	3	1	0	–	99
23	17	17	29	21	19	13	18	18	8	6	5	5	4	2	–	452
45	37	39	42	46	43	28	37	43	20	19	18	19	9	6	–	965

incomplete. Registered ratifications have passed through the stages of recommenda-
national import. Similarly, approval by competent international authority rep-
ternational import. Historically, then, international engagement amounts to 1221

technically due to the activities of the International Labor Organization.

It is difficult to visualize the actual effect of international conventions for the reason that the human mind thinks of treaties as bilateral engagements. The multilateral treaty, of which the international labor conventions are a type, multiplies agreement with great rapidity. Any treaty is an engagement of one state to another, and this is true whether the parties number two or many. As a consequence, the multilateral convention is a form of mass production of treaty agreement, the amount of which rises very rapidly as the ratifications increase. The simple illustration is the telephone line connected through the central station with other telephone lines. In the case of the multilateral treaty, each state is connected with each of the other contracting parties. If there are 10 parties, 10 states are bound equally to each of 9 others. The single document establishes 90 legal relationships. The bilateral treaty, however, not only binds A to B, but B to A, that is, represents two legal relationships; so that the multilateral treaty performs the functions of 10 times 9 divided by 2, or 45 bilateral treaties.

If the multilateral labor conventions which have been negotiated by the International Labor Conference are translated by the use of this formula into bilateral equivalents, a clearer conception will be gained of the extent to which they have been effective in producing international agreement upon their subject matter. The following tabulation makes this translation:

EQUIVALENCE OF CONVENTIONS TO BILATERAL TREATIES

	In Force [1]	Recommended, Approved and In Force [2]
1. Hours	78	253
2. Unemployment	253	465
3. Childbirth	45	190
4. Night work, women	153	351
5. Minimum age (industry)	120	325
6. Night work, young persons	190	406

[1] Ratifications registered with the League of Nations.

[2] A Member state's recommendation of a convention to the competent national authority, approval by such authority and registration of ratification are collectively assumed to indicate the same result as customarily flows from the signing of a treaty.

	In Force	Recommended, Approved and In Force
7. White Phosphorus	351 [1]	351 [1]
8. Minimum age (sea)	190	325
9. Unemployment indemnity	55	136
10. Employment for seamen	105	210
11. Minimum age (agriculture)	66	190
12. Rights of association (agriculture)	136	231
13. Workmen's compensation (agriculture)	66	190
14. White lead	105	231
15. Weekly rest (industry)	120	253
16. Minimum age (trimmers and stokers)	171	300
17. Medical examination, young persons (sea)	171	276
18. Workmen's compensation (accidents)	21	105
19. Workmen's compensation (diseases)	36	171
20. Equality of treatment (accidents)	120	300
21. Night work in bakeries	1	66
22. Inspection of emigrants on board ship	21	78
23. Seamen's articles of agreement	3	78
24. Repatriation of seamen	1	91
25. Sickness insurance (industry, etc.)	3	10
26. Sickness insurance (agriculture)	1	6
27. Minimum wage-fixing machinery	0	0
Total	2,582	5,588

2. Summary of Action, 1919–1928

The following pages aim to summarize the results of the International Labor Organization from 1919 to 1928. As a practical institution it has sought international agreement in its Conference and through the mechanisms of committees and the Office upon pressing questions of social justice that were either ripe for consideration or that demanded attention by reason of their immediate importance. The results, therefore, are not necessarily logical or complete. Their importance lies in their actuality, in the wide range of subjects with which they deal and in the emergence of principles which in successive sessions of the

[1] The 27 ratifications of the Bern convention, shown on the monthly chart of the Office, are the basis of this equivalent. Other official information indicates 31 ratifications, the bilateral equivalent of which is 465.

Conference have been applied to various phases of the entire subject.

The following pages contain in summary the substance of the draft conventions and recommendations adopted by 11 sessions of the Conference. As the more formal documents are adopted as draft conventions and become actual international conventions upon their entrance into force, care has been taken to indicate the date at which each entered into force and became a formal international engagement. Attached to each convention and recommendation is a list of the states which have in various ways found it acceptable. These lists are based upon reports up to July 1, 1928. The reader is thus enabled to judge for himself the extent to which international agreement has been attained on each subject.

The arrangement adopted follows the scheme of the Second Section of the First Part of the *Report of the Director* to the Eleventh Session of the Conference. In this section of the Report, there appears annually a review of action upon conventions and recommendations and a general summary of national action and conditions throughout the world. On each subject these reviews are a valuable compendium of information, and to facilitate reference a note to each title gives the place in the Reports of 1927 and 1928 where the subject is thus fully discussed. In the 1928 Report, for the first time, the many subjects under consideration were arranged under general headings. This outline has been adopted for presentation here.

In order to make the compendium as complete as possible, decisions dealing with more than one subject have been repeated under each pertinent title. A recommendation on technical education in agriculture, for instance, relates both to vocational education and to agriculture.

I. Working Conditions

1. *Hours of Work*[1]

[The full text of this convention is printed at p. 112.]

Industry. The "convention (No. 1) limiting the hours of work in industrial undertakings to 8 in the day and 48 in the week" adopted by the First Session of the Conference on November 28, 1919, came into force on June 13, 1921. The term "industrial undertakings" includes particularly

(*a*) Mines, quarries, and other works for the extraction of minerals from the earth.

(*b*) Industries in which articles are manufactured, altered, cleaned, repaired, ornamented, finished, adapted for sale, broken up or demolished, or in which materials are transformed; including shipbuilding and the generation, transformation, and transmission of electricity or motive power of any kind.

(*c*) Construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbor, dock, pier, canal, inland waterway, road, tunnel, bridge, viaduct, sewer, drain, well, telegraphic or telephonic installation, electrical undertaking, gas work, waterwork, or other work of construction, as well as the preparation for or laying the foundations of any such work or structure.

(*d*) The transport of passengers or goods by road, rail, sea or inland waterway, including the handling of goods at docks, quays, wharves or warehouses, but excluding transport by hand.

The convention leaves to the competent authority in each country the right to define "the line of division which separates industry from commerce and agriculture" for the purposes of the convention.

The bulk of the convention consists of defining exceptions from it. The limit of 8 hours' work per day may be exceeded in order to permit less than 8 hours' work on one or more days per week. In shifts an average of 48 hours per week for a period of three weeks is regarded as a standard

[1] *Report of Director*, 1927, p. 101; 1928, p. 115.

to which daily work shall be adjusted. The necessary exception is made for "urgent work to be done to machinery or plant or in case of *force majeure*" to avoid interference with the ordinary work of the undertaking. In continuous processes carried on by a succession of shifts, the working hours shall not exceed an average of 56 in the week. It falls to the public authorities of each state to determine permanent exceptions from the working hours for "preparatory or complementary work which must necessarily be carried on outside the limits laid down for the general working of an establishment" and temporary exceptions on account of "exceptional cases of pressure of work."

Working agreements between workers' and employers' organizations providing for lengthening hours are permissible and may be given force by the state. Each country, party to the convention, communicates to the International Labor Office a list of the processes classed by it as continuous and full information concerning internal regulations affecting the application of other parts of the convention. Special conditions in Japan, British India, China, Persia, Siam, Greece and Rumania are the subject of special articles.

Ratification registered: Austria, Belgium, Bulgaria, Chile, Czechoslovakia, France, Greece, India, Italy, Latvia, Luxemburg, Portugal, Rumania.

Approved by competent national authority: Cuba.

Recommended for approval to competent national authority: Argentina, Brazil, Estonia, Germany, Netherlands, Paraguay, Spain, Uruguay.

Legislation adopted: Austria, Belgium, Bulgaria, Chile, China, Czechoslovakia, France, Greece, India, Italy, Latvia, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Fishing Industry. A "recommendation concerning the limitation of hours of work in the fishing industry," adopted by the Second Session of the Conference, proposed to each Member state the enactment of legislation limiting such

work, having regard to conditions peculiar to the fishing industry in each country. In framing such legislation, each Government should consult with the organizations of employers and workers concerned.

Action communicated: Australia, Bulgaria, Canada, Chile, Estonia, France, India, Italy, Japan, Norway, Sweden, Switzerland.

Inland Navigation. A "recommendation concerning the limitation of hours of work in inland navigation" was adopted at the Second Session of the Conference. Member states are recommended:

1. To apply the 8-hour day and 48-hour week standard to inland navigation, having regard to necessary climatic and industrial conditions peculiar to each country after consultation with the employers and workers.
2. States having common riparian waterways are advised to enter into agreements respecting hours of work thereon.
3. The draft convention concerning hours of work is suggested as a model.
4. Each state is to determine the difference between inland navigation and maritime navigation and communicate its decision to the International Labor Office.
5. In 1922 each state is to report its progress in these respects.

Action communicated: Australia, Bulgaria, Canada, Chile, Estonia, France, India, Italy, Japan, Norway, Sweden, Switzerland.

Coal Industry. The Office published in 1928 the results of an inquiry into Wages and Hours of Work in the Coal-Mining Industry.[1] The decision to undertake the inquiry was made by the Conference at its Seventh Session in June, 1925, in view of the difficulties with which certain coal-producing countries were faced, on a request from the Committee of the International Miners' Federation.

In view of the importance and delicacy of the problem,

[1] *Studies and Reports, Series D*, No. 18; *International Labour Review*, XVII, p. 785.

it was necessary, in the first place, to decide on the methods to be adopted for the collection of the most precise and comparable data on the various items that go to make up the wages of miners (cash wages, wages in kind, various allowances, insurance contributions, etc.), and an exact estimate of their hours of work (legislation in force, calculation of the average time for going up and down the shaft, time to and from the working face, etc.). Without such methods it would have been impossible to establish comparisons of the average earning of miners, their real wages (taking into account the cost of living in the various coal-mining districts), the average wage for each ton of coal extracted or saleable, and the actual hours on duty, etc. It is not generally realized how difficult it is to establish international statistics even for the best equipped industries. The methods decided upon were approved in January, 1926, by a committee[1] set up by the Governing Body, and the Office then got into touch with the Governments concerned to obtain the data necessary for the completion of its study.

The conclusion reached by the Office strengthened a conviction that any international agreement must rest on a scientific knowledge of the problem which it aims at solving, and that this scientific knowledge, though difficult to obtain, can nevertheless be obtained by patient and objective methods. A close investigation of the working conditions in the various coal-producing countries further confirmed the belief that, if one day international agreements are to be reached between coal merchants and producers, such agreements must take into account the situation of the miners themselves.

At its 40th session the Governing Body decided to continue the investigation and to extend it to general conditions of work in coal mines.

Difficulties Encountered. The hours convention has, from the beginning, been regarded as the corner-stone of the work of the International Labor Organization. The

[1] See p. 118.

task of bringing it into general force has been unremittingly pursued and has resulted in many difficult developments. It has been pretty continuously before both the Conference and the Governing Body. After the British Government formally announced in 1921 that it did not see its way clear to ratify the convention, the Office was instructed by the Governing Body to prepare a special report on the situation with regard to ratification of the convention, which was presented to the Fourth Session of the Conference.

In 1924, there was a tendency in Germany to depart from the 8-hour day. This created a situation which especially concerned France, Great Britain and Belgium as countries either in special competition with Germany or especially benefiting through reparation from the product of German work. In an attempt to solve the situation the ministers of labor of the four countries met at Bern, Switzerland, on September 8–9, 1924,[1] the meeting realizing a suggestion made in the Sixth Session of the Conference. That meeting constituted a useful, though informal, exploration of the different views.

It was followed by further discussion which resulted in a conference between the labor ministers of Belgium, France, Germany, Great Britain and Italy at London on March 15 to 19, 1926. This conference did not aim at any revision of the 1919 convention, but its full exploration of the meaning of the articles of the convention brought a better understanding of their implications and represented an agreed interpretation on many points. The conclusions of the conference were published in the form of notes of agreement upon the contents of the various articles. As this document reflects the questions raised in applying the convention to industrial conditions in a group of highly developed states in the most active competition with each other in many respects, the conclusions indicate the difficulties which the application of the convention has raised, and they are, therefore, given *in extenso:*[2]

[1] *Annual Report of the Director*, 1925, p. 1061.

[2] *Ibid.*, 1926, p. 223.

Art. 1. It is agreed that the convention applies to all industrial undertakings, whatever the number of persons employed, except those in which only members of the same family are employed.

It is agreed that the ordinary postal, telegraph and telephone service is outside the scope of the convention but that constructional, maintenance and repair work in connection with the postal, telegraph and telephone service is covered by it.

Art. 2. It is agreed that working hours are the time during which the persons employed are at the disposal of the employer: they do not include rest periods in accordance with Art. 8, during which the persons employed are not at the disposal of the employer.

Art. 5. It is agreed that the provisions of Art. 5 may be applied to the building trade.

Art. 6 (a). The expression "essentially intermittent work" used in Art. 6 should be interpreted in a restrictive sense.

It applies only to occupations such as those of doorkeepers, watchmen, works firemen and other workers, which are not concerned with production properly so-called, and which, by their nature, are interrupted by long periods of inaction, during which those workers have to display neither physical activity nor sustained attention, and remain at their post only to reply to possible calls.

Art. 6 (b). It is agreed that the maximum limit to the number of additional hours that may be worked under Art. 6 (*b*) is within the competence of national law.

It is agreed that the obligation as to the rate of pay for overtime imposed by the convention applies only to the additional hours contemplated by Art. 6 (*b*).

It is agreed that the minimum additional rate of 25 per cent, for overtime provided for in Art. 6 is obligatory.

5-Day Week

A table fixing hours of work over a longer period than the week may be drawn up in a manner similar to that provided for in Art. 5 in order to distribute the hours of work in each week over five days, or in two weeks over eleven days, it being understood that the average working hours may in no case exceed 48 per week.

Weekly Rest Day

It is agreed that any hours over and above the weekly limit of 48 which are required by the nature of the services rendered to be worked on the weekly rest day, other than hours covered by Arts. 2 (*e*), 3, 4, and 5, shall be treated either as hours to be dealt with under the provisions of national legislation relating to the weekly rest day or as hours to be dealt with under the provisions of Art. 6.

Railways

It is agreed that railways are covered by the convention. In so far as Art. 3 and Art. 6 (*a*) are not sufficient for the needs of the railways, the necessary overtime is permissible under Art. 6 (*b*).

Time Lost by Holidays

It is agreed that in cases where a state allows hours to be worked in excess of 48 per week, in order to make up time lost by reason of holidays (other than national holidays or holidays with pay), such hours must be included in the maximum number of hours' overtime fixed in virtue of Art. 6, and must be paid for at the overtime rates laid down in the said article.

Art. 14. (1) It is agreed that each Government will insert Art. 14 in their legislation to carry out the convention.

(2) It is agreed [1] that use can only be made of Art. 14 in case of a crisis which affects the national economy to such an extent that it threatens the existence of the life of the people. An economic or commercial crisis, however, which concerns only special branches of industry can not be regarded as endangering the national safety, within the meaning of Art. 14, so that in this case the suspension of the convention would not be justified.

It is agreed that the English, French, German and Italian texts shall be equally authoritative.

It is further agreed by the representatives of the Governments participating in the conference that they will report to their respective Governments the conclusions, as set out above, which the conference has been able to reach, so that those Governments who have not ratified the convention may, taking account of the agreements reached, be in a position to proceed with their consideration of the question of the ratification of the Washington convention.

The conclusions of the conference will also be reported formally to the International Labor Office by the British Government, which took the initiative in summoning the conference.

The representatives of the Governments sign the foregoing as extracts from the minutes of the conference held in London on 15th, 16th, 17th, 18th and 19th March, 1926.

(Signed) J. L. Wauters.
A. Durafour.
Dr. Brauns.
Arthur Steel-Maitland.
Guiseppe de Michelis.

March 19th, 1926.

[1] Provisionally on the part of Great Britain's representative.

Question of Revision. Subsequently to this conference Belgium ratified the convention unconditionally and France conditionally. Germany introduced legislation on the subject and announced that it was ready to ratify when the other states of Western Europe did the same.[1] The attitude of Great Britain remained the key to the situation.

Meantime, the question was occupying so much of the attention of the Organization that the Governing Body in October, 1926, set up an Hours Committee out of its membership, consisting of 12 members, four from each group. This committee met January 26–27, 1927, and presented to the Governing Body a full review of the situation.

In Great Britain on February 28, 1927, there was a debate in the House of Commons, where it was announced that a cabinet committee was examining the whole question and that every effort was being made to arrive at an early conclusion. At the 38th session of the Governing Body, the British Government representative introduced a motion to start immediately the procedure for the revision of the Washington convention. His proposals were:

(1) The Governing Body should decide to place the question of the revision of the hours convention on the agenda of the ordinary Session of the Conference to be held in 1929;

(2) The Office should be at once instructed to prepare a draft report on the working of the convention, to be submitted to the Governing Body at its next session. After having been examined and adopted by the Governing Body, this report would be communicated to all the states Members of the Organization in order that they might express their opinion on the matter and submit such proposals for revision as might seem to them necessary.

An extensive debate followed. The British Government representative emphasized that, in his opinion, the convention was not generally acceptable in its present form and that an early revision was justified to free it from the difficulties which it entailed for countries in the situation of his own.

[1] *Cf.* article by the Director, *International Labour Review*, August, 1926.

The spokesman of the Workers' Group, addressing himself to the British proposal, held there could be no connection between the problem of hours and the principles for the revision of conventions in general. The special problem of the Washington convention should not be substituted for the general problem of the procedure for revision. Other countries had surmounted difficulties in order to ratify and apply a convention to the drawing up of which Great Britain had contributed.

A spokesman for the employers stated that the principle of the 8-hour day could not be questioned, and the only points appropriate for revision were the adjustments required as to the application of the convention. The British motion raised not only the question of the hours convention, but the general procedure of revision for conventions, and the Governing Body should not take a hasty decision on these matters.

The representative of the Belgian Government, which had unconditionally ratified the convention, called attention to the effort that Belgium had made in adjusting its industrial system to the convention. While expecting other Governments to make similar efforts, any question of possible revision must not be raised in such a form as to throw to the ground the legislative monument set up by the Organization. No international social legislation was possible, if its provisions were constantly to be discussed afresh.

Finally, the Governing Body instructed its Standing Orders Committee to report at its next session on the procedure to be adopted with regard to proposals for the possible revision of conventions. The resolution was adopted by 15 votes to 6, the Workers' Group being in opposition and the Polish Government representative declaring an abstention. On the proposal of the French Government delegate, by a vote of 13 to 7 with 4 abstentions, the Governing Body substituted the following resolution for the original British proposals:

The Governing Body decides to place on the agenda of its next session, after the consideration of the general procedure for re-

vision, the question whether the revision of the hours convention, proposed by the British Government, should be placed on the agenda of the 1929 Conference.

At the 39th session, the Governing Body dealt with the procedure of revision as stated elsewhere,[1] and again postponed discussion of the hours convention.

In the Eleventh Session of the Conference in May, 1928, the British Government representative made the following formal declaration:

The British Government, while adhering to the principles of the Washington convention and proceeding in the light of what was discussed at the London Conference, desires, as a means of insuring progress, to define those principles more precisely, thus laying the basis for uniformity and providing what is needed to secure that international action is practicable.

At the 40th session of the Governing Body on May 28, 1928, the differing views again came up for discussion. After a thorough debate, in which members of the Government, employers', and workers' groups participated, the three following motions were put before the Governing Body:

1. A resolution of Mr. Wolfe, representative of the British Government, to the effect that the Director of the Office should be instructed to present a report on the Washington hours convention in accordance with the general rules of procedure for revision of conventions, established by the Governing Body at its last session.
2. A resolution of Mr. Lambert-Ribot, French employers' representative, to the effect that the Director should be instructed to present at an early session of the Governing Body a report on the hours convention, in accordance with the article (which appears in all the conventions) providing that a report shall be submitted at least once in ten years on the working of the convention.
3. A resolution of the chairman, Arthur Fontaine, to the effect that the Director should be instructed to prepare reports on the working of all the conventions adopted at Washington in 1919 —

[1] See p. 49.

not on the hours convention only — in accordance with the article of each convention calling for a report at least once in ten years, and to submit the reports to the Governing Body as and when they are completed.

The Workers' Group declared that they would accept only the third motion, as it was the only one which prevented the initiation of a special treatment for the hours convention. Finally, the Governing Body adopted the motion of Mr. Fontaine.

Hours of Work of Seamen. The Governing Body at its 35th session in March, 1927, put on the agenda of the maritime session of the Conference in 1928 the subject of the regulation of hours of work on board ship.

Mr. Wolfe, the representative of the British Government, declared that the settlement of questions affecting workers in the merchant marine ought to be preceded by national agreements between shipowners and seamen. The British Government would not be opposed to a conference which had for its object the international registration of such agreements. He therefore proposed a resolution for the adjournment of the matter. This proposal was resisted by the Workers' Group. Mr. Jouhaux stated that the articles of the treaty were drawn up more particularly in order to give satisfaction to the claims of labor, and that the demands of the seamen were an expression of the desires of the whole community of the workers. The demand now under consideration, he added, had been formulated by seafarers as a whole, from officers to seamen.

Mr. Fontaine, the representative of the French Government, said that his Government, whatever its own legislation might be, would be prepared to consider such a system as would place seamen in a proper position from the point of view of conditions of work, without involving commitment to any strict formula. On the principle of the question, it was not possible to refuse to seamen alone the benefits given to other workers. As to the practical aspect of the matter, he observed that most of the arguments adduced

against the regulation of hours of work were the same as those used in the past against any form of regulation of labor in industry. In order to obtain the support of Great Britain, he put forward the proposal that the Governing Body should postpone for a year the summoning of a maritime Conference, but should definitely decide that such a Conference should be held in 1929.

On a vote, the proposal of the British Government representative was rejected by 15 to 8, with one abstention.

The proposal of the French Government representative, for the formal placing of the regulation of hours of work on board ship on the agenda of a maritime session of the Conference to be held in 1929, was adopted by 15 votes. The six employers' representatives voted against it. Three Government representatives, including the representative of the British Government, abstained from voting.

Conditions in Coal Mines. A committee of six members of the Governing Body was appointed by the Governing Body in October, 1925, to supervise an inquiry into the conditions of work of miners in various countries. At Geneva on January 24, 1927, the committee took note of the progress so far made and accepted a report on the replies received by the Office to a questionnaire sent to Governments.

This inquiry had its origin in a resolution passed by the Committee of the International Miners' Federation in April, 1925. The Workers' Group at the Seventh Session of the Conference in June, 1925, proposed that an international inquiry should be made by the Office into the conditions of work in mines in various countries, particularly as regards hours, holidays and wages. The Conference unanimously adopted a resolution requesting the Governing Body to consider the conditions under which such an investigation could be carried out by the Office, and in the following October the Governing Body gave the necessary authority and instructions to the Office. At the same session, the Governing Body nominated six of its members — two representatives of Governments, two employers'

representatives and two workers' representatives — to follow the course of the inquiry and report upon it to the Governing Body from time to time.

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Hours of Work

Adaptation to Agricultural Labour of the Washington Decision concerning the Regulation of Hours of Work.
Documents of the Conference, Report II. 3rd Session of Conference, 1921 . . . . . $0.30

The Eight-Hour Act and its Application to Agriculture in Czechoslovakia.
Special Report, 1921. 96 p. 65

The Eight-Hour Day or the 48-Hour Week.
Documents of the Conference, Report I. 1st Session of Conference, 1919 50

Enquiry concerning the Application of the Eight-Hour Act in the French Mercantile Marine.
Special Report. 1921. 99 p. 75

Hours of Labour and their Effect on Manning and Accommodation.
Documents (Reports) of the Conference, Report I. 2nd Session of Conference, 1920 75

Hours of Labour in Industry: Czechoslovak Republic.
Series D.12. 1924. 31 p. 25

Hours of Labour in Industry: Great Britain.
Series D.7. Oct. 1922. 31 p. 25

Hours of Labour in Industry: Italy.
Series D.8. Nov. 1923. 34 p. 25

Hours of Labour in Industry: Netherlands.
Series D.11. Dec. 1923. 31 p. 25

Hours of Labour in Industry: Switzerland.
Series D.9. Nov. 1923. 26 p. 25

Hours of Labour in Industry: United States.
Series D.14. 1925. 120 p. 65

Minutes of the Commission on Hours of Labour of the Genoa Conference.
Documents of the Conference. 2nd Session of Conference, 1920 . . 1.20

Night Work in Bakeries.

Documents of the Conference, Questionnaire IV. 6th Session of Conference, 1924 . . . . . $0.20
Documents of the Conference, Report IV. 7th Session of Conference, 1925 05

The Weekly Rest Day in Industrial and Commercial Establishments.

Documents of the Conference, Questionnaire IV. 3rd Session of Conference, 1921 15
Documents of the Conference, Report VII. 3rd Session of Conference, 1921 50

Weekly Suspension of Work for Twenty-Four Hours in Glass-Manufacturing Processes where Tank Furnaces are used.

Documents of the Conference, Questionnaire IV. 6th Session of Conference, 1924 15
Documents of the Conference, Report III. 6th Session of Conference, 1924 30
And supplementary Report 15
Documents of the Conference, Report III. 7th Session of Conference, 1925 05

Amendment of Conventions

Institution of a Procedure for Amendment of Conventions (1923). (Report submitted to Governments for their observations.)

Documents of the Conference, 1924 15

Institution of a Procedure for Amendment of Conventions (1924).

Documents of the Conference. 6th Session of Conference, 1924 . . .30

Coal Industry

Labour and Production in the Ruhr Coal Fields from 1918 to 1920.

Special Reports. 1921. 438 p. 1.90

Wages and Hours of Work in the Coal-Mining Industry.

Series D, No. 18. 279 p. 1.50

2. *Weekly Rest*[1]

Industry. A "convention (No. 15) concerning the application of the weekly rest in industrial undertakings," adopted by the Third Session of the Conference on Novem-

[1] *Report of Director*, 1927, p. 114; 1928, p. 128.

ber 17, 1921, entered into force on June 19, 1923. The whole of the staff employed in industrial undertakings, as defined in the standard list, is to enjoy "in every period of seven days a period of rest comprising at least 24 consecutive hours." The period of rest shall, wherever possible, be simultaneous and coincide with local conditions and customs. Provision is made for total or partial exceptions, if required by proper humanitarian and economic considerations. The list of these exceptions is communicated every second year to the International Labor Office.

Ratification registered: Belgium, Bulgaria, Chile, Czechoslovakia, Estonia, Finland, France, India, Italy, Latvia, Luxemburg, Poland, Portugal, Rumania, Serb-Croat-Slovene State, Spain.

Approved by competent national authority: Cuba, Greece, Hungary, Netherlands.

Recommended for approval to competent national authority: Argentina, Germany, Uruguay.

Legislation adopted: Belgium, Bulgaria, Chile, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, India, Italy, Latvia, Luxemburg, Poland, Rumania, Serb-Croat-Slovene State, Spain, Switzerland.

Commerce. A "recommendation concerning the application of the weekly rest in commercial establishments" was adopted by the Third Session of the Conference. States are recommended to take measures to provide that the whole of the staff of public or private commercial establishments shall enjoy in every period of seven days a period of rest comprising at least 24 consecutive hours. It is desirable that this rest period should be simultaneous and conform to local traditions or customs. Reports on exceptions are made to the International Labor Office every two years.

Action communicated: Australia, Belgium, Bulgaria, Czechoslovakia, Estonia, Finland, France, India, Italy, Japan, Norway, Poland, Rumania, Siam, Sweden, Switzerland.

Selected References

The Weekly Rest Day in Industrial and Commercial Establishments.

Documents of the Conference, Questionnaire IV. 3rd Session of Conference, 1921	$0.15
Documents of the Conference, Report VII. 3rd Session of Conference, 1921	.50

Weekly Suspension of Work for Twenty-Four Hours in Glass-Manufacturing Processes where Tank Furnaces are used.

Documents of the Conference, Questionnaire IV. 6th Session of Conference, 1924	.15
Documents of the Conference, Report III. 6th Session of Conference, 1924	.30
And supplementary Report	.15
Documents of the Conference, Report III. 7th Session of Conference, 1925	.05

3. *Night Work* [1]

Women. The "convention (No. 4) concerning employment of women during the night," adopted by the First Session of the Conference on November 28, 1919, came into force on June 13, 1921. This convention applies to work in industrial undertakings as already defined. For its purposes the term "night" signifies a period of at least 11 consecutive hours, "including the interval between 10 o'clock in the evening and 5 o'clock in the morning." The convention applies to women without distinction of age. On the other hand, it recognizes exceptions due to unforeseen reasons and not of a recurring character, and the handling of materials which are subject to rapid deterioration when night work is necessary to preserve such materials from certain loss. In seasonal industries the night period may be reduced to 10 hours for 60 days in the year. In countries where day work is particularly trying to the health, the night period may be shorter than prescribed, "provided that compensatory rest is accorded during the day."

[1] *Report of Director*, 1927, p. 117, 182, 185; 1928, p. 123, 146, 150.

Ratification registered: Austria, Belgium, Bulgaria, Cuba, Czechoslovakia, Estonia, France, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Luxemburg, Netherlands, Rumania, Serb-Croat-Slovene State, South Africa, Switzerland.

Recommended for approval to competent national authority: Argentina, Brazil, Chile, Finland, Germany, Latvia, Paraguay, Spain, Uruguay.

Legislation adopted: Austria, Belgium, Bulgaria, Czechoslovakia, Estonia, France, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Japan, Luxemburg, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, South Africa, Switzerland.

Women in Agriculture. A "recommendation concerning night work of women in agriculture," adopted by the Third Session of the Conference, urges states to insure women wage-earners in agricultural undertakings "a period of rest compatible with their physical necessities" and consisting of not less than 9 consecutive hours, if possible.

Action communicated: Australia, Bulgaria, Czechoslovakia, Estonia, France, Great Britain, Hungary, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Young Persons in Industry. A "convention (No. 6) concerning the night work of young persons employed in industry," adopted by the First Session of the Conference on November 28, 1919, entered into force on June 13, 1921. Persons under 18 years shall not be employed during the night in public or private industrial undertakings (according to the standard list), except as provided. Persons over 16 may be employed in six types of continuous process industries. Emergency work is provided for, and night work is defined both in general and with respect to several industries. In case of coal and lignite mines an interval of 15 hours between periods of night work is ordinarily provided.

Ratification registered: Austria, Belgium, Bulgaria, Chile, Cuba, Denmark, Estonia, France, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Latvia, Luxemburg, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, Switzerland.

Approved by competent national authority: Finland.

Recommended for approval to competent national authority: Argentina, Brazil, Czechoslovakia, Germany, Paraguay, Spain, Uruguay.

Legislation adopted: Austria, Belgium, Bulgaria, Chile, China, Denmark, Estonia, France, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Japan, Latvia, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, Switzerland.

Children and Young Persons in Agriculture. A "recommendation concerning night work of children and young persons in agriculture" was adopted by the Third Session of the Conference. States are recommended to regulate the employment of children both under the age of 14 and between the ages of 14 and 18 so as to insure a period of rest compatible with their physical necessities and consisting of not less than 10 and 9 consecutive hours, respectively.

Action communicated: Australia, Bulgaria, Czechoslovakia, Estonia, France, Hungary, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Bakeries. A "draft convention (No. 21) concerning night work in bakeries" was adopted by the Seventh Session of the Conference on June 8, 1925. In it "the making of bread, pastry or other flour confectionery during the night is forbidden." The term "night" signifies a period of at least seven consecutive hours, the period to be fixed by the competent national authority, after consultation with organizations of employers and workers, and to include the interval between 11 P.M. and 5 A.M. Exceptions include the execution of preparatory or complementary work which is necessary outside of normal hours, necessary work arising from the particular circumstances of the baking industry

in tropical countries and the requirements for the period of weekly rest. Unusual pressure of work, national necessities and work necessitated by accident or *force majeure* are to be recognized as temporary exceptions. The convention "has no application to the wholesale manufacture of biscuits." Each state, after consultation with the employers' and workers' organizations concerned, may determine what products are to be included in the term "biscuits."

Ratification registered: Cuba, Finland, Luxemburg.
Recommended for approval to competent national authority: Austria, Bulgaria, Cuba, Estonia, France, Greece, Latvia, Netherlands, Poland, Uruguay.
Legislation adopted: Finland, Germany, Greece, Italy, Latvia.

Interpretation. The convention contains the following paragraphs:

> Subject to the exceptions hereinafter provided, the making of bread, pastry or other flour confectionery during the night is forbidden.
>
> This prohibition applies to the work of all persons, including proprietors as well as workers engaged in the making of such products.

The Employers' Group on the Governing Body felt doubts as to the competence of the Organization so to control the work of proprietors. Therefore, the Governing Body asked the Council of the League to request the Permanent Court of International Justice to render an advisory opinion on the following question:

> Is it within the competence of the International Labor Organization to draw up and to propose labor legislation which, in order to protect certain classes of workers, also regulates incidentally the same work when performed by the employer himself?

The Court on July 23, 1926, after a careful examination of the relevant documents and memoranda submitted to it

and after hearing the oral declarations of representatives of the various organizations concerned, answered the question in the affirmative, thus upholding the competence of the International Labor Organization.[1]

Selected References

Agriculture

Adaptation to Agricultural Labour of the Washington Decisions concerning the Protection of Women and Children.

Documents of the Conference, Report IIIb. 3rd Session of Conference, 1921 . . . . . $0.30

Adaptation to Agricultural Labour of the Washington Decisions concerning the Regulation of Hours of Work.

Documents of the Conference, Report II. 3rd Session of Conference, 1921 30

Special Measures for the Protection of Agricultural Workers.

Documents of the Conference, Report IV. 3rd Session of Conference, 1921 40

Night Work

Night Work in Bakeries.

Documents of the Conference, Questionnaire IV. 6th Session of Conference, 1924 20

Documents of the Conference, Report IV. 7th Session of Conference, 1925 05

Women and Children

The Employment of Women and Children and the Berne Convention of 1906.

Documents of the Conference, Report III. 1st Session of Conference, 1919 . . . . . 1.15

The International Labour Organisation and the Protection of Children.

Various Publications. 1926. 36 p. 05

The International Labour Organisation and Women's Work.

Various Publications. 1926. 21 p. 05

[1] *Publications of the Permanent Court of International Justice*, Series B, No. 13 and Series C, No. 12.

4. *Holidays with Pay*[1]

National and international congresses of workers continue to place the question of holidays with pay for industrial workers on their agendas. Although the Governing Body rejected a proposal to place the question on the program of the 1927 International Labor Conference, there is a growing opinion in favor of legal regulation. The question is still a very controversial one in countries where a legal sanction is lacking.

Certain countries have enacted legislative measures on the subject in answer to the demand of industrial workers for treatment accorded non-manual workers. Working class progress in this respect has received legislative sanction in Greece, Luxemburg, Salvador, Austria, Czechoslovakia, Finland, Latvia, Poland, Italy, Germany, Norway, Netherlands, Sweden, Union of Socialist Soviet Republics, Serb-Croat-Slovene State, and Denmark.

5. *Industrial Hygiene*[2]

White Phosphorus. The First Session of the Conference recommended each Member to adhere to the international convention (No. 7) on the prohibition of the use of white (yellow) phosphorus in the manufacture of matches, which was signed at Bern, September 26, 1906. The Bern convention has been in force since January 1, 1912. As a result of the recommendation of the First Session of the Conference, the International Labor Organization has been the means of securing its wider acceptance since 1919. It is regarded as assimilated to the conventions of the Labor Conference.

By its terms, the parties "bind themselves to prohibit in their respective territorities the manufacture, importation and sale of matches which contain white (yellow) phosphorus." Each contracting state undertakes to estab-

[1] *Report of Director*, 1927, p. 122; 1928, 137.
[2] *Ibid.*, p. 156; 1928, p. 138.

lish the administrative measures necessary to insure the strict execution of the prohibition and to communicate to the others laws and regulations which they have in force concerning it.

Ratifications: Australia, Austria, Belgium, Bulgaria, Canada, China, Czechoslovakia, Danzig, Denmark, Estonia, Finland, France, Germany, Great Britain, Hungary, India, Irish Free State, Italy, Japan, Luxemburg, Morocco, Netherlands, New Zealand, Norway, Palestine, Poland, Rumania, South Africa, Spain, Sweden, Switzerland.

Legislation adopted: Argentina, Australia, Austria, Belgium, Canada, China, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, India, Irish Free State, Italy, Japan, Luxemburg, Netherlands, Norway, Poland, South Africa, Spain, Sweden, Switzerland.

White Lead in Painting. A "convention (No. 14) concerning the use of white lead in painting," adopted by the Third Session of the Conference on November 19, 1921, entered into force on August 31, 1923. Ratifying states undertake to prohibit "the use of white lead and sulphate of lead and of all products containing these pigments, in the internal painting of buildings," except where their use is considered necessary for railway stations or industrial establishments by the competent authority after consultation with employers' and workers' organizations concerned. White pigments containing a maximum of 2% of lead are permissible. The convention does not apply "to artistic painting or fine lining."

The employment of males under 18 years of age and of all females in painting work involving the barred pigments is prohibited.

A period of six years until November 19, 1927, was given ratifying states to adjust their industry to the provisions of the convention. Conditions and restrictions on the use of the prohibited pigments in operations for which their

use is permissible are laid down; these include provisions for medical inspection and hygienic instructions to working painters. Returns of statistics as to morbidity and mortality are provided for.

Ratification registered: Austria, Belgium, Bulgaria, Chile, Cuba, Czechoslovakia, Estonia, France, Greece, Latvia, Luxemburg, Poland, Rumania, Spain, Sweden.

Approved by competent national authority: Italy, Netherlands.

Recommended for approval to competent national authority: Argentina, Finland, Germany, Uruguay.

Legislation adopted: Austria, Belgium, Czechoslovakia, Estonia, France, Greece, Poland, Spain, Sweden.

Lead — Women and Children. A "recommendation concerning the protection of women and children against lead poisoning," adopted by the First Session of the Conference, called for the exclusion of women and young persons under 18 years of age from employment in specified lead manufacturing processes, including the cleaning of workrooms where the processes are carried on. Six conditions for the employment of women and young persons under 18 in processes involving the use of lead compounds are recommended. These include periodic medical examination, special protective clothing and the prohibition of bringing food or drink into workrooms. The substitution of nontoxic substances is recommended for soluble lead compounds, which are given by definition.

Action communicated: Australia, Belgium, Bulgaria, Denmark, Estonia, France, Great Britain, India, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Rumania, Siam, Spain, Sweden, Switzerland.

Anthrax. A "recommendation concerning the prevention of anthrax," adopted by the First Session of the Conference, recommended to states that "arrangements should be made for the disinfection of wool infected with anthrax spores, either in the country exporting such wool or, if

that is not practicable, at the port of entry in the country importing such wool."

Action communicated: Australia, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Great Britain, India, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Rumania, Siam, Spain, Sweden, Switzerland.

Advisory Committee on Anthrax. An item relating to the disinfection of wool infected with anthrax spores was considered at the Third Session of the Conference in 1921. The Conference passed a resolution asking the Governing Body to provide for the appointment of an Advisory Committee to consider the question in all its bearings and to submit a report to the Governing Body for presentation at the 1923 Conference. The Governing Body on January 19, 1922,[1] appointed the Advisory Committee on Anthrax, consisting of experts from Australia, Belgium, France, Germany, Great Britain, India, Italy, Japan, South Africa, Spain, Sweden and the United States, which was represented by Dr. Marion Dorset, chief of the Biochemic Division, Bureau of Animal Industry, Department of Agriculture. The committee met in London, December 5 to 14, 1922, and in its report made definite recommendations respecting numerous phases of protection of both human beings and animals from anthrax.[2]

Government Health Services. A "recommendation concerning the establishment of Government health services," adopted at the First Session of the Conference, suggested that each Member state, in addition to a system of efficient factory inspection, should establish a Government service especially charged with the duty of safeguarding the health of workers, which will keep in touch with the Office.

Action communicated: Australia, Belgium, Bulgaria, Chili, Denmark, Estonia, Finland, France, Germany, Great Britain, India, Italy, Japan, Netherlands, New Zealand,

[1] *Official Bulletin*, V, p. 101 and 219; *Annual Report of the Director*, 1922, p. 861.
[2] *Advisory Committee on Anthrax.*

Norway, Poland, Rumania, Siam, Spain, Sweden, Switzerland.

Correspondence Committee on Industrial Hygiene and Safety. An Advisory Committee on Industrial Hygiene was created by the Governing Body on April 12, 1921, the Washington session of the Conference having requested the assembling of experts including doctors, labor inspectors and experts attached to employers' organizations or industrial establishments.[1] The commission was to be principally a correspondence committee.[2] After a preliminary meeting of members of the committee, October 22–23, 1921, the Governing Body decided that it was to be purely technical in character, to be made up of members competent in matters coming before it.

The first session of the Advisory Committee was held September 13–15, 1923.[3] The committee then found that lack of knowledge of the actual industrial effectiveness of methods of safety proposed and of the extent of use of such methods were deterrents to developing any general program. The committee passed the following resolution:[4]

> The Advisory Committee on Industrial Hygiene considers that the most effective method of securing the success of the work of research would be the constitution of national committees to work under the general direction of the Health Committee of the League of Nations. The members might with advantage be appointed after consultation between the Health Committee of the League of Nations and those Government departments which in each country are responsible for the administration of the factory acts.

At its second session in August, 1924, the committee decided to set up a Safety Subcommittee and a Fatigue Subcommittee. As a consequence, the name of the committee was changed to the Correspondence Committee on Industrial Hygiene and Safety. Dr. Alice Hamilton of the

[1] *Official Bulletin*, III, p. 512.

[2] *Ibid.*, p. 197; *Annual Report of the Director*, 1921, p. 228, 1922, p. 863.

[3] *Ibid.*, VIII, p. 131.

[4] *Ibid.*, p. 132.

Harvard Medical School is an American member of the committee. For liaison the president of the Health Committee of the League of Nations is included. Three members of the Governing Body were appointed to the committee on February 1, 1928.

At the second session, Henry Field Smyth, assistant professor of industrial hygiene, School of Public Health, University of Pennsylvania, and Edwin Frederick Pike, instructor of chemistry, University of Pennsylvania, informed the committee of experiments conducted by them with regard to disinfection by means of iodine.

Members of the Correspondence Committee met at Düsseldorf, September 13–15, 1926, at which time the identification of occupational diseases was chiefly considered.[1] Members of the committee met at the Office, April 16–18, 1928, with the special purpose of making additions to the list of occupational diseases.

The convention of 1925 concerning workmen's compensation for occupational diseases had specified lead and mercury poisoning and anthrax infection as occupational diseases. The acceptance of the convention had in the interval made the question a live one in some 24 countries. There is a general movement in favor of wider measures of protection than those assured by the present provisions. The extension of the system of workmen's compensation to cover other occupational diseases and forms of poisoning is demanded by public opinion, by workers' organizations or by the medical profession.

The experts were of opinion that the following list of occupational diseases might be added to the list figuring in the 1925 convention:

Poisoning by phosphorus and its compounds and their sequelæ;

Poisoning by arsenic and its compounds and their sequelæ;

Poisoning by benzene, its homologues, their amino and nitro derivatives and their sequelae;

Poisoning by hydrocarbides of the aliphatic series and their chlorinated derivatives and their sequelae;

[1] *Annual Report of the Director*, 1927, p. 27.

Pathological manifestations due to: (*a*) Radium and other radio-active substances, (*b*) to X-rays;

Epitheliomas of the skin, due to the handling of tar, pitch, bitumen, mineral oils, paraffin or all compounds, products, or residues of these substances.

With regard to silicosis, the experts adopted, by ten votes with two abstentions, the following resolutions:

Silicosis is an occupational disease which, in English-speaking countries and in Germany, has been made the object of a very precise scientific discovery in order to determine accurately the diagnosis of the disease in its advanced form.

At the present time this disease has been made subject to compensation in the English-speaking countries.

Scientific research, however, is still necessary in the various industries in all countries in order to enable the pulmonary lesions caused by this form of pneumoconiosis and the incapacity which they involve to be specified with precision.

It is therefore indispensable to request the completion of investigation and study in the different countries in regard to the process of diagnosis of silicosis in the various industries in which workers are exposed to atmospheres with a silica content.

The experts appointed a special subcommitee to assist the Hygiene Service of the Office by correspondence in the study of standard industrial hygienic regulations.

The Subcommittee on Industrial Safety, which was appointed by the Governing Body in January, 1925, held a first meeting at Geneva on May 11–13, 1925, and it met again at Geneva on November 3–5, 1927. At the latter meeting a definite program of national and international organization for accident prevention was submitted and approved in connection with a report prepared by the Office on the same subject. The subcommittee recognized the desirability of an international convention concerning the protection of workers employed in loading and unloading of ships and advocated the indication of weight on

heavy packages carried by water transport. It recommended that the question of weights to be carried by workers should be the subject of an early report.

In 1925, the subcommittee had requested some of its members to prepare monographs on subjects in the field of accident prevention. Mr. Deladrière, director of the Belgian Industrial Association for Prevention of Accidents, submitted a draft on "Chains" and subsequently agreed to prepare additional monographs on "Hooks and Rings" and "Cables." Mr. Massarelli, director of the Italian Association of Manufacturers for the Prevention of Accidents, had prepared a monograph on "Hydro-Extractors" and undertook to make a study of accidents due to noninsulated electric currents.

Mr. Renninger, vice-chairman of the National Safety Council, and Frederic S. Lee, research professor of physiology, Columbia University, are members of the subcommittee.

Selected References

Industrial Hygiene

Compulsory Medical Examination of all Children Employed on Board Ship.

Documents of the Conference, Questionnaire Vb. 3rd Session of Conference, 1921. With Va $0.15

Documents of the Conference, Report VIIIb. 3rd Session of Conference, 1921. With VIIIa 15

Disinfection of Wool infected with Anthrax Spores.

Documents of the Conference, Questionnaire IIIa. 3rd Session of Conference, 1921 25

Documents of the Conference, Report V. 3rd Session of Conference, 1921 30

The International Labour Organisation and the Health of the Worker.

Various Publications, 1924. 15 p. 05

The Medical Inspection of Labour. (Report of the Meeting of Medical Inspectors of Labour held in Düsseldorf, 15–16 September 1926.)

Series F.10. 1926 40

The Employment of Women and Children and the Berne Convention of 1906.

Documents of the Conference, Report III. 1st Session of Conference, 1919 . . . . . $1.15

Memorandum on Industrial Lead Poisoning.

Series F.2. 1921. 16 p. 05

White Lead. (Data collected by the International Labour Office in regard to the use of White Lead in the Painting Industry.)

Series F.11. 1927. 409 p. 2.00

Prohibition of the Use of White Lead in Painting.

Documents of the Conference. Questionnaire IIIb. 3rd Session of Conference, 1921 25

Documents of the Conference, Report VI. 3rd Session of Conference, 1921 30

Occupation and Health (Encyclopedia of Industrial Hygiene).

Brochure edition, each brochure one or more articles dealing with a particular subject 10.50

Volume edition, to be published when complete 10.50

Both 20.00

Bibliography of Industrial Hygiene. (Trilingual. Quarterly.)

At the request of a certain number of experts, the International Labour Office began the publication of a regular bibliography of industrial hygiene and pathology in the May 1922 issue of the *International Labour Review*. In view of the importance which this Bibliography rapidly assumed and of its highly specialized interest, it was decided early in 1923 to issue it as a separate quarterly publication.

Price per number 25

Annual subscription 1.00

6. *Prevention of Accidents* [1]

The prevention of industrial accidents came before the Eleventh Session of the Conference for first consideration under the double-discussion procedure. The report issued to prepare the ground for the preliminary discussion dealt with:

(1) Legal provisions for the prevention of accidents and the official supervision of their enforcement:

(2) Organized safety work of associations and institutions for the promotion of safety;

[1] *Report of Director*, 1927, p. 163; 1928, p. 144.

(3) The scientific side of accident prevention, including accident statistics:

(4) Particular aspects of accident prevention, including coupling accidents on railways, protection of dockers employed in loading and unloading ships, etc.; and

(5) Conclusions and draft questionnaire.

This report contains a detailed tabular analysis of legislation on accident prevention. The prefatory note gives examples of the tremendous sacrifices of life and health which are made day by day, month by month, and year by year on the battlefield of labor. Statistics throw a startling light on this circumstance. Unfortunately they are not sufficiently developed to allow of adequate comparison on the state of industrial safety in different countries.

In 1923 the number of fatal accidents to workers was 2,082 in France and 3,302 in England. The corresponding figures for Germany in 1925 was 5,285. In the United States the total number of fatal industrial accidents is estimated at 20,000 to 25,000 a year. The number of injuries sustained at work is far more than one hundred times as high. Compared with the figures of fatal accidents already given, the number of reported injuries was 777,975 in France and 652,837 in Germany, while the number for which compensation was paid in England was 480,035. These include high figures of cases of more or less serious crippling, leading to a permanent reduction in working capacity. The mass of pain, distress, and lost prospects concealed in these figures cannot be imagined, leaving altogether aside the serious material losses suffered by individuals and the community as a whole in consequence of accidents.

It is estimated that contributions to compulsory accident insurance roughly average 1 to 2% of wages. In Germany the industrial and agricultural accident insurance associations paid out 317,700,000 marks as compensation in 1921. The official English estimate for 1925 is over £12,000,000. In the United States a method has been used to estimate

the annual loss in working days, a fatal accident being considered equivalent to a loss of 6,000 days. The result is an annual average of 40,000,000 working weeks lost. In other words, 800,000 persons must work steadily throughout the year merely to take the place of those who have permanently or temporarily lost all or part of their working capacity in consequence of an accident.

The Eleventh Session of the Conference, by 94 to 5, adopted a draft questionnaire which will make it possible to consult Governments on the various aspects of the question: scientific research, compilation of statistics, collaboration of employers and workers, participation of the workers in the application of safety measures, legislative measures, educative propaganda, education, etc. A special question asks the opinion of states on the adoption of a Draft Convention or Recommendation to make it compulsory for the sender to indicate the weight on heavy packages transported by ship.

By 95 votes to 0, the Conference voted a resolution to draw the attention of Governments in all countries to the importance of the question of the prevention of industrial accidents and to measures which would render possible a reduction in the number of such accidents, such as the application of methods of individual instruction popularized by the "Safety First" movement.

Another resolution, adopted by 95 votes to 0, requested the Governing Body to consider what steps can be taken to complete the documentary information in the possession of the International Labor Office on the subject of national legislation on industrial safety in the different industries and on all compulsory provisions laid down on this matter by central and local authorities, and to prepare comparative tables based on that information.

It was decided by 123 votes to 0 to place the question of the prevention of industrial accidents on the agenda of the Twelfth Session of the Conference in 1929.

The Conference devoted special attention to the question of the protection of workers employed in loading and un-

loading ships. By 101 votes to 0 it adopted a draft questionnaire and decided by 121 votes to 0 to place this question on the agenda of the 1929 Session.

Finally, on the question of the prevention of accidents due to coupling on railways, the Conference adopted a resolution asking that the International Railway Union should continue actively its study of the problem and should communicate its results to the Office as soon as possible, and in any case within two years. The resolution also asked for the appointment by the Governing Body of a joint committee of 21 persons representative of the Governments, employers and workers to study the whole question.

Problem of Disabled. The question of unemployment in the period immediately following the close of the war was complicated by the very large number of disabled soldiers requiring placement in suitable occupations. As a result of several requests from their national organizations, the Governing Body on July 6, 1921,[1] asked the Director to draw up a memorandum as to the possible composition of a commission to study the problem of the disabled. Before this memorandum was presented, the national associations of disabled soldiers of Austria, France, Germany, Great Britain, Italy and Poland met at Geneva on September 12–13, 1921, and drew up a series of resolutions on the conditions of work of disabled men, prosthesis, pensions, social insurance, international protection, and tuberculosis contracted during the war.[2]

On October 21, 1921, the Governing Body acted upon the report of the Director and decided to secure the aid of a Committee of Experts for the Study of Questions Concerning the Disabled.[3] The experts met at Geneva, March 2–3, 1922,[4] and passed resolutions respecting an international exhibition of artificial limbs and orthopedic instruments, the administrative organization of prosthesis and

[1] *Official Bulletin*, IV, p. 64.

[2] *Ibid.*, p. 28; *Annual Report*, 1921, p. 233.

[3] *Ibid.*, p. 472.

[4] *Ibid.*, V, p. 193; *Annual Report*, 1922, p. 867.

of medical assistance, and the position of disabled men domiciled in countries other than their own. A number of publications resulted from the initiative of the committee, and the work of the Organization was effective in benefiting the condition of the persons concerned. The committee was in the nature of its service a temporary committee.

At its 18th session the Governing Body decided to convene a meeting of experts for the study of methods of finding employment for disabled men, at the request of their national associations. This meeting was held at Geneva on July 13–August 2, 1923.[1] A set of resolutions was adopted summarizing the experiences of the authorities in Australia, Austria, Belgium, Canada, Czechoslovakia, France, Germany, Great Britain, Italy, New Zealand, Poland and South Africa. The experts adopted a set of fundamental principles in which it is stated "that it is preeminently the duty of the state to assume complete responsibility of the means of livelihood and welfare of those disabled during the war." The resolution further included "essential provisions to be included in all legislation, regulations or agreements relating to finding employment for disabled men."

Selected References

Industrial Safety

Automatic Couplings and the Safety of Railway Workers.
Series F, Second Section, 1. 1924. 62 p. $0.25

Compensation for Industrial Accidents. (Comparative Analysis of National Laws.)
Series M.2. 1925. 655 p. 3.00

Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents.
Documents of the Conference, Questionnaire II. 6th Session of Conference, 1924 15

Safety Devices for Wood-Working Machinery (Great Britain and Switzerland).
Series F, 2nd Section, 2. 1925. 80 p. 50

[1] *Official Bulletin*, VIII, p. 61.

Prevention of Industrial Accidents. Report and Draft Questionnaire.

Documents of the Conference, 11th Session of Conference, 1928. 318 p. $1.50
Supplementary Report, 68 p. 60
Documents of the Conference, 12th Session, 1929, Questionnaire I, 11, IV p. 15

Protection Against Accidents of Workers Engaged in Loading and Unloading Ships.

Documents of Conference, 12th Session, 1929, 21 p. 15

Industrial Safety Survey. (Bimonthly.)

This periodical, published every two months, is intended to act as a link between those in all countries who are interested in problems of accident prevention, and to make international cooperation possible.

The columns of this publication are open to discussion and exchange of experiences and ideas on any subject coming within the province of accident prevention.

Price per number 30
Annual subscription 1.50

Disabled

Artificial Limbs. Appliances for the Disabled.

Series E.5. 1924. 320 p. 1.25

Employment for Disabled Men. (Meeting of Experts for the study of methods of finding employment for disabled men. Geneva, 31 July, 1 and 2 August 1923.)

Special Report. 282 p. 1.00

7. *Protection of Women* [1]

Childbirth Period. The "convention (No. 3) concerning the employment of women before and after childbirth," adopted by the Conference on November 29, 1919, came into force on June 13, 1921. It applies to any public or private industrial or commercial undertaking, industrial undertakings being those already specified, and commercial undertakings comprising "any place where articles are sold or where commerce is carried on."

In these undertakings, a woman, married or unmarried, has the right to leave her work on the production of a medical certificate stating that her confinement will probably take place within six weeks and she shall not be per-

[1] *Report of Director*, 1927, p. 182; 1928, p. 146.

mitted to work during the six weeks following confinement. During this absence "benefits sufficient for the full and healthy maintenance of herself and her child" are to be provided either out of public funds or by a means of a system of insurance. She is entitled to free attendance by a doctor or certified midwife.

A mistake of the medical adviser in estimating the date of confinement does not preclude the woman's benefit under the convention. She shall be allowed half an hour twice each day to nurse her child while employed. Each state fixes a maximum period during which it is not lawful for her employer to dismiss a woman on account of absence for a longer period than the 12 weeks specified on account of illness medically certified to arise out of pregnancy or confinement and rendering her unfit for work.

The convention does not apply to undertakings in which only the members of the same family are employed.

Ratification registered: Bulgaria, Chile, Cuba, Germany, Greece, Hungary, Latvia, Luxemburg, Rumania, Serb-Croat-Slovene State, Spain.
Approved by competent national authority: Italy.
Recommended for approval to competent national authority: Argentina, Brazil, Czechoslovakia, France, Netherlands, Paraguay, Poland, Uruguay.
Legislation adopted: Bulgaria, Chile, China, France, Greece, Hungary, Japan, Latvia, Poland, Rumania, Serb-Croat-Slovene State, Spain.

Night Work. The "convention concerning employment of women during the night," adopted by the First Session of the Conference on November 28, 1919, came into force on June 13, 1921. This convention applies to work in industrial undertakings as already defined. For its purposes the term "night" signifies a period of at least 11 consecutive hours, "including the interval between ten o'clock in the evening and five o'clock in the morning." The convention applies to women without distinction of age. On the other hand, it recognizes interruptions due to

unforeseen reasons and not of the recurring character, and the handling of materials which are subject to rapid deterioration when night work is necessary to preserve such materials from certain loss. In seasonal industries the night period may be reduced to 10 hours for 60 days in the year. In countries where day work is particularly trying to the health, the night period may be shorter than prescribed "provided that compensatory rest is accorded during the day."

A question which attracts much attention in all the Scandinavian countries is that of the opposition of women to special protection. They consider that the conventions which aim at establishing a special régime for women, especially in regard to night work, are inconsistent with the watchword "equality first." They say that they are placed in an inferior economic position by special protection.

Agriculture. A "recommendation concerning the protection, before and after childbirth, of women wage-earners in agriculture" was adopted by the Second Session of the Conference. It recommends the application of the 1919 convention to this class of workers.

Action communicated: Australia, Bulgaria, Estonia, France, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Lead Poisoning. A "recommendation concerning the protection of women and children against lead poisoning," adopted by the First Session of the Conference,[1] called for the exclusion of women and young persons under 18 years of age from employment in specified lead manufacturing processes, including the cleaning of workrooms where the processes are carried on. Six conditions for the employment of women and young persons under 18 in processes involving the use of lead compounds are recommended. These included periodic medical examination, special protective clothing and the prohibition of bringing food or drink into workrooms. The substitution of nontoxic sub-

[1] For action thereon, see p. 129.

stances is recommended for soluble lead compounds, which are given a definition.

White Lead in Painting. A "convention concerning the use of white lead in painting," adopted by the Third Session of the Conference on November 19, 1921, — entered into force on August 31, 1923.[1] The employment of all females in painting work involving the use of white lead or sulphate of lead is prohibited.

Selected References

Women (Protection of)

Adaptation to Agricultural Labour of the Washington Decisions concerning the Protection of Women and Children.
Documents of the Conference, Report IIIb. 3rd Session of Conference, 1921 . . . . . $0.30

The International Labour Organisation and Women's Work.
Various Publications. 1926. 21 p. 05

The Employment of Women and Children and the Berne Convention of 1906.
Documents of the Conference, Report III. 1st Session of Conference, 1919 . . . . . 1.15

Lead Poisoning

Prohibition of the Use of White Lead in Painting.
Documents of the Conference, Questionnaire IIIb. 3rd Session of Conference, 1921 25
Documents of the Conference, Report VI. 3rd Session of Conference, 1921 30

Memorandum on Industrial Lead Poisoning.
Series F.2. 1921. 16 p. 05

8. *Protection of Children and Young Persons*[2]

Minimum Age in Industry. A "convention (No. 5) fixing the minimum age for admission of children to industrial employment," adopted by the First Session of the Conference on November 28, 1919, entered into force June 13, 1921. It prohibits the employment of children under

[1] For action of states, see p. 129.

[2] *Report of Director*, 1927, p. 183; 1928, p. 149.

14 years of age in any public or private industrial undertaking as defined, work done in technical schools being excepted.

Employers are required to keep a register of all persons under the age of 16 years who are employed.

Special conditions are laid down for Japan and India.

Ratification registered: Belgium, Bulgaria, Chile, Cuba, Czechoslovakia, Denmark, Estonia, Great Britain, Greece, Irish Free State, Japan, Latvia, Luxemburg, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, Switzerland.

Approved by competent national authority: Finland, Italy.

Recommended for approval to competent national authority: Argentina, Brazil, Germany, Paraguay, Spain, Uruguay.

Legislation adopted: Belgium, Bulgaria, Chile, China, Czechoslovakia, Denmark, Estonia, Great Britain, Greece, India, Irish Free State, Japan, Latvia, Poland, Rumania, Serb-Croat-Slovene State, Switzerland.

Agriculture. A "convention (No. 11) concerning the age for admission of children to employment in agriculture," adopted by the Third Session of the Conference on November 16, 1921, entered into force on August 31, 1923. "Children under the age of 14 years may not be employed or work in any public or private agricultural undertaking or in any branch thereof, except outside the hours fixed for school attendance." Their work shall not be such as to prejudice their attendance at school. On the other hand, "for purposes of practical vocational instruction," school hours may be so arranged as to provide for light agricultural work.

Ratification registered: Austria, Belgium, Bulgaria, Czechoslovakia, Estonia, Hungary, Irish Free State, Italy, Japan, Luxemburg, Poland, Sweden.

Recommended for approval to competent national authority: Argentina, Chile, Germany, Greece, Latvia, Netherlands, Spain, Uruguay.

Legislation adopted: Austria, Belgium, Bulgaria, Czechoslovakia, Estonia, Germany, Greece, Hungary, Irish Free State, Italy, Japan, Luxemburg, Netherlands, Poland, Sweden.

At Sea. A "convention (No. 8) fixing the minimum age for admission of children to employment at sea," adopted by the Second Session of the Conference on July 9, 1920, entered into force on September 27, 1921. Children under 14 years of age are not to be employed on vessels other than those manned by members of the same family. The term "vessel" includes all ships and boats, of every nature whatsoever, engaged in maritime navigation, whether publicly or privately owned, but excluding vessels of war. Training and school-ships are excluded, if they are supervised by public authorities.

For the better enforcement of the provisions, shipmasters are required to keep a register of all persons under 16 years of age employed aboard ship.

Ratification registered: Belgium, Bulgaria, Canada, Cuba, Denmark, Estonia, Finland, Great Britain, Greece, Hungary, Irish Free State, Japan, Latvia, Luxemburg, Netherlands, Norway, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Approved by competent national authority: Italy.

Recommended for approval to competent national authority: Argentina, Chile, Germany, Uruguay.

Legislation adopted: Bulgaria, Canada, Chile, Denmark, Estonia, Finland, Great Britain, Greece, Hungary, Irish Free State, Japan, Netherlands, Norway, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Trimmers and Stokers. A "convention (No. 16) fixing the minimum age for admission of young persons to employment as trimmers or stokers," adopted by the Third Session of the Conference on November 11, 1921, entered into force November 20, 1922. Persons under 18 years of age shall not be employed or work on vessels as trimmers or stokers. This does not apply to work approved and

supervised by public authority on training or school-ships or on vessels not propelled by steam. If a trimmer or stoker is required in a port where only persons under 18 years of age are available, they may be employed provided two young persons are engaged in place of each trimmer or stoker required.

Ratification registered: Belgium, Bulgaria, Canada, Cuba, Denmark, Estonia, Finland, France, Great Britain, Hungary, India, Italy, Latvia, Luxemburg, Norway, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Approved by competent national authority: Netherlands.

Recommended for approval to competent national authority: Argentina, Chile, Germany, Uruguay.

Legislation adopted: Bulgaria, Canada, Denmark, Estonia, Finland, France, Great Britain, Hungary, India, Italy, Japan, Norway, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Medical Examination. A "convention (No. 17) concerning the compulsory medical examination of children and young persons employed at sea," adopted by the Third Session of the Conference on November 11, 1921, entered into force on November 20, 1922. The employment of any person under 18 years of age on any vessel is conditioned on the production of a medical certificate attesting fitness for such work signed by a doctor approved by the competent authority. The certificate shall be renewed at least once each year. Under exceptional conditions such a young person may embark, the examination to be undergone at the first port at which the vessel calls.

Ratification registered: Belgium, Bulgaria, Canada, Cuba, Estonia, Finland, France, Great Britain, Hungary, India, Italy, Japan, Latvia, Luxemburg, Netherlands, Poland, Rumania, Serb-Croat-Slovene State, Spain, Sweden.

Recommended for approval to competent national authority: Argentina, Chile, Germany, Uruguay.

Legislation adopted: Bulgaria, Canada, Denmark, Estonia, Finland, France, Great Britain, Hungary, India, Italy, Japan, Latvia, Netherlands, Poland, Rumania, Spain, Sweden.

Industrial Night Work. A "convention concerning the night work of young persons employed in industry," adopted by the First Session of the Conference on November 28, 1919, entered into force on June 13, 1921.[1] Persons under 18 years shall not be employed during the night in public or private industrial undertakings according to the standard list, except as provided. Persons over 16 may be employed in six types of continuous process industries. Emergency work is provided for, and night work is defined both in general and with respect to several industries. In case of coal and lignite mines an interval of ordinarily 15 hours between periods of night work is provided.

White Lead. A "convention concerning the use of white lead in painting," adopted by the Third Session of the Conference on November 19, 1921, entered into force on August 31, 1923.[2] Ratifying states undertake to prohibit "the use of white lead and sulphate of lead and of all products containing these pigments, in the internal painting of buildings," except where their use is considered necessary for railway stations or industrial establishments by the competent authority after consultation with employers' and workers' organizations concerned. White pigments containing a maximum of 2% of lead are permissible. The convention does not apply "to artistic painting or fine lining."

The employment of males under 18 years of age and of all females in painting work involving the barred pigments is prohibited.

A period of six years until November 19, 1927, was given ratifying states to adjust their industry to the provisions of the convention. Conditions and restrictions on the use of the prohibited pigments in operations for which their

[1] For action thereon of the states, see p. 124.

[2] For action of states, see p. 129.

use is permissible are laid down; these include provisions for medical inspection and hygienic instructions to working painters. Returns of statistics as to morbidity and mortality are provided for.

Selected References

Employment

The Employment of Women and Children and the Berne Convention of 1906.

Documents of the Conference, Report III. 1st Session of Conference, 1919 . . . . . $1.15

Adaptation to Agricultural Labour of the Washington Decisions concerning the Protection of Women and Children.

Documents of the Conference, Report IIIb. 3rd Session of Conference, 1921 30

Age of Employment as Trimmers and Stokers.

Documents of the Conference, Questionnaire Va. 3rd Session of Conference, 1921. With Vb 15

Medical Examination

Compulsory Medical Examination of all Children Employed on Board Ship.

Documents of the Conference, Questionnaire Vb. 3rd Session of Conference, 1921. With Va 15

Documents of the Conference, Report VIII. 3rd Session of Conference, 1921. With VIIIa 15

Employment of Children at Sea.

Documents of the Conference, Report III. 2nd Session of Conference, 1920 20

White Lead

White Lead. (Data collected by the International Labour Office in regard to the use of White Lead in the Painting Industry.)

Series F.11. 1927. 409 p. 2.00

9. *Factory Inspection*[1]

A "recommendation concerning the general principles for the organization of systems of inspection to secure the enforcement of the laws and regulations for the protection

[1] *Report of Director*, 1927, p. 226; 1928, p. 151.

of the workers" was adopted by the Fifth Session of the Conference. The recommendation aims to lay down the principles and rules for the system of inspection provided for in the ninth general principle of the Labor Part of the treaty, which has for its object "to insure the enforcement of the laws and regulations for the protection of the workers." The principal functions of inspectors is stated to be: Supervision of hours of work and rest, night work, prohibition of the employment of certain persons on dangerous, unhealthy or physically unsuitable work, health and safety, etc. In addition, other duties may be assigned to inspectors "according to the conceptions, traditions and customs prevailing in the different countries." Inspectors are to be organized under the direct and exclusive control of a state authority, and provision for their entire independence and authority within specified bounds are given in detail. It is recommended that the inspectorate "should be on a permanent basis and should be independent of changes of government." Provision for their high qualifications and special training are made.

While inspection is intended to afford protection to the workers only, it is deemed desirable that the inspectorate confer with both employers' and workers' organizations with a view to securing their full cooperation. Workers are afforded every facility for communicating freely with inspectors and information so obtained is confidential. Inspectors are guaranteed every facility for conducting investigations and are invested with specific powers to enforce laws and regulations. The system of inspection "should be increasingly directed toward securing the adoption of the most suitable safety methods for preventing accidents and diseases with a view to rendering work less dangerous, more healthy, and even less exhausting, by the intelligent understanding, education, and cooperation of all concerned." Special emphasis is given to the importance of annual general reports built upon standard principles.

Action communicated: Australia, Austria, Belgium, Bulgaria, Czechoslovakia, Estonia, Finland, France, Great

Britain, India, Irish Free State, Italy, Japan, Norway, Poland, Rumania, Siam, South Africa, Sweden, Switzerland.

Selected References

Factory Inspection, Historical Development and Present Organisation in Certain Countries.

Special Report. 1923. 316 p. $1.25

General Principles for the Organisation of Factory Inspection.

Documents of the Conference, Questionnaire. 5th Session of Conference, 1923 20
Documents of the Conference, Report. 5th Session of Conference, 1923 .50
Supplementary Report 20
Second Supplementary Report 20

The Medical Inspection of Labour. (Report of the Meeting of Medical Inspectors of Labour held in Düsseldorf, 15–16 September 1926.)

Series F.10. 1926 40

II. Social Insurance[1]

Accident Compensation. A "convention (No. 18) concerning workmen's compensation for accidents," adopted by the Seventh Session of the Conference on June 10, 1925, entered into force April 1, 1927. Each ratifying state "undertakes to insure that workmen who suffer personal injury due to an industrial accident, or their dependents, shall be compensated." The convention makes no provision for the amount of compensation, but specifies forms of compensation.

Permanent incapacity or death entitles the injured workman or his dependents to periodical payments or a lump sum, if the competent authority is satisfied that it will be properly utilized. Compensation payable in case of incapacity shall be made not later than the fifth day after the accident whether it is due from the employer, an accident insurance or sickness insurance institution. Injury resulting in incapacity of such a nature as to require constant help entitles the workman to additional compensation. Injured workmen are entitled to medical aid and to

[1] *Report of Director*, 1927, p. 165; 1928, p. 152. See also Unemployment, p. 162.

surgical and pharmaceutical aid recognized to be necessary, the cost to be defrayed by the employer, accident or sickness insurance institutions. The supply or renewal of artificial limbs and surgical appliances are due to the injured workman unless provision is made therefor by a single monetary settlement. National laws and regulations shall provide for the payment of compensation in the event of the insolvency of the employer or insurer. Exceptions are made for casual employees, out-workers, members of the employer's family and nonmanual workers receiving remuneration above a limit specified by national law.

Ratification registered: Belgium, Cuba, Hungary, Latvia, Luxemburg, Netherlands, Serb-Croat-Slovene State, Sweden.

Recommended for approval to competent national authority: Bulgaria, Estonia, Finland, France, Greece, Poland, Portugal, Uruguay.

Legislation adopted: Austria, Hungary, Luxemburg, Netherlands, Serb-Croat-Slovene State, Sweden.

Minimum Scale. A "recommendation concerning the minimum scale of workmen's compensation" was adopted by the Seventh Session of the Conference. It recommends the following principles and rules:

1. Permanent total incapacity, a periodical payment equivalent to two-thirds of the workman's annual earnings;

2. Permanent partial incapacity, a proportion of the payment due for permanent total incapacity calculated in reference to the reduction of earning power caused by the injury;

3. Temporary total incapacity, a daily or weekly payment equivalent to two-thirds of the workman's basic earnings as calculated for purposes of compensation;

4. Temporary partial incapacity, a proportion of the daily or weekly payment payable for temporary total incapacity calculated in reference to the reduction of earning power caused by the injury.

Compensation paid in a lump sum is to be not less than the capitalized value of the payments due. The constant help of another person to the injured workman is to be compensated for at not less than half of the amount payable in case of permanent total incapacity. The degree of relationship entitling persons to be regarded as dependents is defined. Vocational re-education of injured workmen is recommended.

Action communicated: Australia, Belgium, France, Great Britain, India, Japan, Luxemburg, Netherlands, Norway, Poland, Siam, Sweden.

Jurisdiction in Disputes. A "recommendation concerning jurisdiction in disputes on workmen's compensation" was adopted by the Seventh Session of the Conference. For this purpose a special court or board of arbitration made up of employers' and workers' representatives is recommended. In case such disputes are dealt with by ordinary courts of law, they are required to hear employers' and workmen's representatives as experts in matters regarding occupational questions, and in particular regarding the question of the degree of incapacity for work.

Action communicated: Australia, Belgium, Finland, France, Great Britain, India, Japan, Luxemburg, Netherlands, Norway, Poland, Siam, Sweden.

Agriculture. A "convention (No. 13) concerning workmen's compensation in agriculture," adopted by the Third Session of the Conference on November 12, 1921, entered into force on February 26, 1923. Each ratifying state "undertakes to extend to all agricultural wage-earners its laws and regulations which provide for the compensation of workers for personal injury by accident arising out of or in the course of their employment."

Ratification registered: Bulgaria, Chile, Denmark, Estonia, France, Germany, Great Britain, Irish Free State, Luxemburg, Netherlands, Poland, Sweden.
Approved by competent national authority: Hungary.

Recommended for approval to competent national authority: Argentina, Finland, Greece, Italy, Latvia, Spain, Uruguay.

Legislation adopted: Bulgaria, Chile, Denmark, Estonia, France, Germany, Great Britain, Greece, Irish Free State, Italy, Luxemburg, Netherlands, Poland, Sweden.

Occupational Diseases. A "convention (No. 19) concerning workmen's compensation for occupational diseases," adopted by the Seventh Session of the Conference on June 10, 1925, entered into force on April 1, 1927. Ratifying states undertake to provide compensation for occupational diseases on the same scale as that for industrial accidents in accordance with the general principles of the national legislation. Diseases resulting from poisoning by lead, its alloys or compounds and their sequelae, poisoning by mercury, its amalgams and compounds and their sequelae, and anthrax infection are scheduled as occupational and a list of corresponding industries and processes set forth.

Ratification registered: Belgium, Cuba, Finland, Germany, Great Britain, Hungary, India, Irish Free State, Luxemburg, Serb-Croat-Slovene State, Switzerland.

Approved by competent national authority: Netherlands.

Recommended for approval to competent national authority: Bulgaria, Estonia, France, Greece, Japan, Latvia, Poland, Portugal, Uruguay.

Legislation adopted: Austria, Belgium, Finland, Great Britain, Hungary, India, Irish Free State, Serb-Croat-Slovene State, Switzerland.

A "recommendation concerning workmen's compensation for occupational diseases" was adopted by the Seventh Session of the Conference. It calls for the adoption of "a simple procedure by which the list of diseases considered occupational in national legislation may be revised."

Action communicated: Australia, Belgium, Finland, France, Great Britain, India, Irish Free State, Japan, Luxemburg, Netherlands, Norway, Poland, Siam, Sweden.

Foreign Workers. A "convention (No. 20) concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents," adopted by the Seventh Session of the Conference on June 5, 1925, entered into force September 8, 1926. States ratifying the convention undertake to grant to the nationals of any other Member state which shall have ratified the convention the same treatment in regard to workmen's compensation as it grants to its own nationals when they suffer personal injury from industrial accidents in its territory. This equality of treatment is granted without conditions as to residence. Payments made to the injured or their dependents outside the territory of a state are to be regulated by special arrangements between the Member states concerned. Compensation for industrial accidents to workers temporarily or intermittently employed shall be governed by the laws and regulations of the state where the employment or accident occurs.

Ratification registered: Belgium, Cuba, Czechoslovakia, Denmark, Finland, France, Germany, Great Britain, Hungary, India, Italy, Latvia, Luxemburg, Netherlands, Poland, Serb-Croat-Slovene State, South Africa, Sweden.
Approved by competent national authority: Switzerland.
Recommended for approval to competent national authority: Argentina, Austria, Bulgaria, Estonia, Greece, Japan, Portugal, Uruguay.
Legislation adopted: Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Great Britain, Greece, Hungary, India, Italy, Luxemburg, Netherlands, Poland, Serb-Croat-Slovene State, South Africa, Sweden.

A "recommendation concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents" was adopted by the Seventh Session of the Conference. Measures to facilitate the payment of such compensation are recommended to the Member states. In case of dispute as to nonpayment, cessation of payment or reduction of compensation, facilities should

be afforded for proceedings in the courts without requiring the attendance of the person concerned. The countries not having a system for workmen's compensation are recommended to make it possible for alien workers to benefit by workmen's compensation regulations in force in their own countries.

Action communicated: Australia, Belgium, Finland, France, Great Britain, India, Japan, Luxemburg, Netherlands, Norway, Poland, Siam, Sweden.

Insurance in Agriculture. A "recommendation concerning social insurance in agriculture" was adopted by the Third Session of the Conference. Each Member state is recommended to "extend its laws and regulations establishing systems of insurance against sickness, invalidity, old age and other similar social risks to agricultural wage-earners on conditions equivalent to those prevailing in the case of workers in industrial and commercial occupations."

Action communicated: Australia, Belgium, Bulgaria, Czechoslovakia, Estonia, France, Germany, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Sickness Insurance. Conventions "concerning (No. 25) sickness insurance for workers in industry and commerce and domestic servants" and "concerning (No. 26) sickness insurance for agricultural workers," adopted by the Tenth Session of the Conference on June 16, 1927 (97 to 9 and 85 to 9 votes, respectively), entered into force on July 15, 1928. Each ratifying state undertakes to set up a system of compulsory sickness insurance at least equivalent in value for the insured to the provisions of the convention. The system shall apply to manual and nonmanual workers, including apprentices employed by industrial and commercial undertakings, out-workers and domestic servants. Application of sickness insurance to seamen and sea fishermen was reserved for decision at a later session of the Conference. States may except from the benefits of sickness insurance temporary or casual employees, workers whose

income exceeds a defined amount, those not paid a money wage, etc. Insurance is to be paid for at least 26 weeks to persons incapable of work by reason of the abnormal state of bodily or mental health, the payment being conditional upon service for a specified period. The cash benefit is not payable for sickness caused by the insured person's wilful misconduct, and it may be withheld if the insured person receives other legal compensation, if the sick insured person does not in fact suffer loss as a result of incapacity or if the insured person refuses to comply with the doctor's orders or without authorization removes himself from the supervision of the insurance institutions. The insured person is entitled to free medical treatment during the period of sick benefit. He may be required to pay a part of this as prescribed by law.

Sickness insurance shall be administered by self-governing institutions under the administrative and financial supervision of competent public authorities, and provision is made for the participation of insured persons in the management of such institutions. The insured and their employers shall share in providing the financial resources of the system.

Ratification registered: Germany, Hungary (25), Luxemburg.

Recommended for approval to competent national authority: Latvia, Uruguay.

Legislation adopted: France, Germany, Hungary (25).

General Principles. A "recommendation concerning the general principles of sickness insurance" was adopted by the Tenth Session of the Conference. It provides that sickness insurance shall apply to every person "who performs work by way of his occupation and under a contract of service or apprenticeship," regardless of sex and so far as possible of age. "The cash benefit representing compensation for lost wages should be adequate." A statutory scale of benefit should ordinarily be fixed in relation to the normal wage. This benefit should be fixed for the first

26 weeks of incapacity, but the period may be increased to one year in case of serious and chronic illness and for those who will not receive any invalidity benefit. It is recommended that sick benefits also include the cost of decent burial in case of death. The insured person is entitled to treatment by a fully qualified doctor and the supply of proper and sufficient medicines and appliances, as well as treatment in hospital where the illness requires it. It is laid down that the system of sickness insurance should assist in inculcating the practice of the rules of hygiene among the workers and that an alert policy of prevention is calculated to avert loss of productive efficiency. The financial resources for the insurance scheme should be provided by contributions from the insured persons and contributions from employers, it being of advantage to have these amounts supplemented by contributions from public funds, "especially for the purpose of improving the health of the people." The settlement of disputes respecting sickness insurance should be referred to special tribunals, including assessors especially cognizant of insurance problems.

Committee of Experts on Social Insurance. The attention of the Governing Body was drawn on July 6, 1921, to the fact that the Permanent Social Insurance Committee, which had been active in the prewar period, was no longer functioning. As a consequence, the Governing Body charged the Director with the task of bringing together at Geneva a conference of persons of recognized competence for the purpose of constituting a committee of correspondents who should communicate information concerning social insurance in the various countries.[1] A conference of such experts was held at Geneva, September 22–24, 1921.[2] The conference laid particular stress upon the importance of collecting information. A Committee of Experts on Social Insurance was organized as a con-

[1] *Official Bulletin*, IV, p. 64.

[2] *Ibid.*, p. 279; *Annual Report of the Director*, 1921, p. 232; 1922, p. 865.

sultative correspondence committee,[1] and has served the Office when occasion demanded. A consultation of the committee took place at Geneva on July 22–24, 1926, when the general plan for the inquiry into the cost of social insurance was developed.

Selected References

Compensation for Industrial Accidents. (Comparative Analysis of National Laws.)

Series M.2. 1925. 655 p. $1.00

Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents.

Documents of the Conference, Questionnaire II. 6th Session of Conference, 1924 15

Documents of the Conference, Report II. 6th Session of Conference, 1924 30

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Documents of the Conference, Report II. 7th Session of Conference, 1925 05

The International Labour Organisation and Social Insurance.

Various Publications. 1925. 68 p. 25

General Problems of Social Insurance.

Series M.1. 1925. 136 p. 60

Sickness Insurance.

Documents of the Conference, Questionnaire. 10th Session of Conference, 1927 25

Documents of the Conference, Report. 10th Session of Conference, 1927 60

Documents of the Conference, Supplementary Report. 10th Session of Conference, 1927 15

Sickness Insurance.

Series M.4. 1925. 133 p. 50

Compulsory Sickness Insurance.

Series M.6. 1927. XVI. 794 p. 3.00

Voluntary Sickness Insurance.

Series M.7. 1927. 570 p. 2.00

Unemployment Insurance. (A Study in Comparative Legislation.)

Series C.10. 1925. 134 p. 50

[1] *Annual Report of the Director*, 1926, p. 145; 1927, p. 28; 1928, p. 27.

The International Labour Organization and Social Insurance.

Various publications. 1925. 68 p. $0.25

Workmen's Compensation.

Documents of the Conference, Questionnaire. 7th Session of Conference, 1925 15

Documents of the Conference, Report. 7th Session of Conference, 1925 50

And Supplementary Report 20

Workmen's Compensation in the United States.

Series M.5. 1926. 103 p. 40

III. Wages[1]

Machinery for Wage-Fixing. A "draft convention (No. 27) on minimum wage-fixing machinery" was adopted by the Eleventh Session of the Conference, 76 votes to 21, on June 22, 1928. Each ratifying state "undertakes to create or maintain machinery whereby minimum rates of wages can be fixed for workers employed in certain of the trades or parts of trades (and in particular in home-working trades) in which no arrangements exist for the effective regulation of wages by collective agreement or otherwise, and wages are exceptionally low." Both manufacturing and commercial trades are included in the scope of the convention. Each state, after consulting with workers' and employers' organizations in the trade concerned, is free to decide on the application of the wage-fixing machinery. The employers and workers concerned shall be associated in the operation of the machinery in equal numbers and on equal terms as determined by national laws or regulations. Minimum rates of wages which have been fixed shall be binding so as not to be subject to abatement by individual or collective agreement. States shall establish a system of supervision and sanctions to secure the maintenance of the minimum wages so fixed. A worker to whom the rates are applicable is entitled to recover by legal proceedings the amounts by which he has been underpaid, subject to legal restrictions as to time.

[1] *Report of the Director*, 1927, p. 150; 1928, p. 175.

Annual reports to the International Labor Office on the operation of wage-fixing machinery are provided for.

A recommendation embodying general principles based on present practice and experience was adopted by the same session of the Conference, 81 votes to 18.

Seaman's Wages. A "convention concerning seamen's articles of agreement," adopted by the Ninth Session of the Conference on June 24, 1926, entered into force April 4, 1923. "Articles of agreement shall be signed both by the shipowner or his representative and by the seaman." National law shall make adequate provision to insure that the seaman has understood the agreement, and prescribe other formalities and safeguards necessary for the protection of the interests of the shipowner and of the seaman. Every seaman shall be given a document containing a record of his employment on board a vessel, but it "shall not contain any statement as to the quality of the seaman's work or as to his wages." An agreement may be for a definite period or for a voyage or, if permitted by national law, for an indefinite period. An agreement for an indefinite period may be terminated in any port where the vessel loads or unloads on 24 hours' notice. Any agreement is duly terminated by mutual consent of the parties, death of the seaman, loss, or other causes provided in national law or the convention.

A seaman who shows to the satisfaction of the shipowner or his agent that he can obtain a post of a higher grade than he actually holds, "or that any other circumstance has arisen since his engagement which renders it essential to his interests that he should be permitted to take his discharge," may claim a discharge provided that he furnishes a competent substitute without increased expense to the shipowner and to the latter's satisfaction.

The convention does not apply to ships of war, Government vessels not engaged in trade and vessels engaged in the coasting trade, pleasure yachts, Indian country craft, fishing vessel and vessels of less than 100 tons gross registered tonnage.

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Wages

Wage Changes in Various Countries 1914–1922.
Series D.10. June 1923. 87 p. $0.50

Wage Changes in Various Countries 1914–1925.
Series D.16. 1926. 143 p. 80

The Workers' Standard of Life in Countries with Depreciated Currency.
Series D.15. 1925. 184 p. 80

Minimum Wage Fixing Machinery. (An International Study of Legislation and Practice.)
Series D.17. 1927. 155 p. 60

Minimum Wage Fixing Machinery.
Documents of the Conference, Preliminary Report. 10th Session of Conference, 1927 60
Documents of Conference, Questionnaire. 11th Session of Conference, 1928 25
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—— Supplementary Report 25

Wages and Hours of Work in the Coal-Mining Industry.
Series D. No. 18. 1928. 279 p. 1.50

Seamen's Articles of Agreement. (Collection of Laws and Regulations on the Engagement, Dismissal, Repatriation, and Discipline of Seamen.)
Series C.1. 1926. 890 p. 4.00

General Principles for the Inspection of Conditions of Work of Seamen.
Documents of the Conference, Questionnaire II. 9th Session of Conference, 1926 15

IV. Possibilities of Employment

1. *Vocational Education* [1]

Agriculture. A "recommendation concerning the development of technical agricultural education" was adopted by the Third Session of the Conference. By it states are urged to develop vocational agricultural education and to

[1] *Report of Director*, 1927, p. 154; 1928, p. 178.

make such education "available to agricultural wage-earners on the same conditions as to other persons engaged in agriculture."

Reports to the International Labor Office are requested.

Action communicated: Australia, Belgium, Bulgaria, Czechoslovakia, Estonia, Finland, France, Germany, Hungary, Italy, Japan, Norway, Poland, Rumania, Siam, Sweden, Switzerland.

2. *Unemployment*[1]

A "convention (No. 2) concerning unemployment" adopted by the First Session of the Conference on November 28, 1919, came into force on July 14, 1921. Each contracting state undertakes at least every three months to communicate to the Office "all available information, statistical or otherwise, concerning unemployment, including reports on measures taken or contemplated to combat unemployment." Each ratifying state undertakes to establish a system of free public employment agencies, concerning which committees of employers and workers are appointed to advise on the conditions of their operation. The coordination of public and private free employment agencies on a national scale is provided for, and these national systems shall be coordinated in their operation by the International Labor Office.

Provision is made for the reciprocal transfer of insurance against unemployment in the case of nationals of one state working in the territory of another which is likewise a party to the convention.

Ratification registered: Austria, Bulgaria, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Japan, Luxemburg, Norway, Poland, Rumania, Serb-Croat-Slovene State, South Africa, Spain, Sweden, Switzerland.

Approved by competent national authority: Netherlands.

[1] *Report of the Director*, 1927, p. 127; 1928, p. 180.

Recommended for approval to competent national authority: Argentina, Brazil, Chile, Czechoslovakia, Latvia, Paraguay, Uruguay.

Legislation adopted: Austria, Bulgaria, Chile, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, India, Irish Free State, Italy, Japan, Luxemburg, Norway, Poland, Rumania, Serb-Croat-Slovene State, South Africa, Spain, Sweden, Switzerland.

This convention, which Switzerland formally ratified in 1922 and Italy in the following year, provides in Art. 3 that:

> The Members of the International Labor Organization which ratify this convention and which have established systems of insurance against unemployment shall, upon terms being agreed between the Members concerned, make arrangements whereby workers belonging to one Member and working in the territory of another shall be admitted to the same rates of benefit of such insurance as those which obtain for the workers belonging to the latter.

In pursuance of this clause a declaration was signed on February 9, 1927, at Rome, for Italy and for Switzerland concerning reciprocity of treatment of Italian and Swiss workmen as regards insurance against unemployment.

The First Session of the Conference, 1919, passed a "recommendation concerning unemployment." By it the Members were recommended:

1. To take measures to prohibit the establishment of employment agencies which charge fees or carry on their business for profit;
2. To permit the recruiting of bodies of workers in another country "only by mutual agreement between the countries concerned and after consultation with employers and workers in each country in the industries concerned";
3. To establish an effective system of unemployment insurance;
4. To coordinate the execution of all work undertaken

under public authority "with a view to reserving such work as far as practicable for periods of unemployment and for districts most affected by it."

Action communicated: Australia, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Great Britain, India, Italy, Japan, Norway, Netherlands, New Zealand, Poland, Rumania, Siam, Spain, Sweden, Switzerland.

Agriculture. A "recommendation concerning the prevention of unemployment in agriculture" was adopted by the Third Session of the Conference. It recommended each state to examine and make an annual report upon the advisability:

1. Of adopting modern technical methods to bring into cultivation land not worked or only partially developed;
2. Of encouraging the adoption of improved systems of cultivation and the more intensive use of land;
3. Of providing facilities for settlement on the land;
4. Of taking steps to render work of a temporary nature accessible to unemployed agricultural workers by providing transport facilities;
5. Of developing forms of employment to provide occupation for agricultural workers during their seasonal unemployment;
6. Of encouraging the creation of workers' cooperative societies for the working and purchase or renting of land, and of increasing agricultural credit therefor.

Action communicated: Australia, Belgium, Bulgaria, Estonia Finland, France, Hungary, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Maritime Indemnity. A "convention (No. 9) concerning unemployment indemnity in case of loss or foundering of the ship," adopted by the Second Session of the Conference on July 9, 1920, entered into force on March 16, 1923. The indemnity shall be paid at the rate of wages under contract for the days during which the seaman remains unemployed as a result of loss or foundering of the ship. Seamen have the same remedies to recover this

indemnity as they have for recovering arrears of wages earned during the service.

Ratification registered: Belgium, Bulgaria, Canada, Cuba, Estonia, Great Britain, Greece, Italy, Latvia, Luxemburg, Poland, Spain.

Approved by competent national authority: France, Netherlands.

Recommended for approval to competent national authority: Argentina, Chile, Germany, Uruguay.

Legislation adopted: Australia, Bulgaria, Canada, Estonia, Great Britain, Greece, Italy, Norway, Poland, Spain.

A "recommendation concerning unemployment insurance for seamen" was adopted by the Second Session of the Conference. It contemplated the establishment of an effective insurance arising out of unemployment due to shipwreck or other causes.

Action communicated: Australia, Bulgaria, Canada, Chile, Estonia, France, Germany, India, Italy, Japan, Norway, Sweden, Switzerland.

Employment for Seamen. A "convention for establishing facilities for finding employment for seamen," adopted at the Second Session of the Conference on July 10, 1920, entered into force on November 23, 1921.[1] Employment agencies for seamen shall not be carried on "as a commercial enterprise for pecuniary gain," and seamen shall not be charged any fee directly or indirectly for obtaining employment on any ship. National laws shall provide punishment for violation of these provisions. Each ratifying state undertakes to take all practical measures to abolish the practice of finding employment for seamen as a commercial enterprise.

Each state agrees to organize and maintain an efficient and adequate system of public employment offices administered by persons having practical maritime experience. These shall be organized either by the shipowners

[1] For action of states thereon, see p. 181.

and seamen jointly or by the state itself. Effort shall be made to coordinate them on a national basis. Committees of shipowners and seamen shall be constituted to advise on their operation.

"Freedom of choice of ship shall be assured to seamen and freedom of choice of crew shall be assured to shipowners." Necessary guaranties for all parties are to be included in the articles of agreement, and seamen are assured facilities to examine the agreement before and after signing.

Unemployment Committee. The Governing Body on June 8, 1920, appointed a commission on unemployment consisting of one member from each of its three groups in order to carry out a resolution of the Washington session of the Conference inviting it "to formulate recommendations upon the best methods to be adopted in each state for collecting and publishing all information relative to the problem of unemployment in such form and for such periods of time as may be internationally comparable." The committee early made a practice of consulting experts from whom it requested reports. An inquiry among the states was then conducted, and a special report on the subject was submitted to the Fourth Session of the Conference in 1922.[1] The early meetings of the committee were:

Geneva, October 7, 1920[2]
Paris, November 30 to December 1, 1920[3]
Geneva, January 10 to 11, 1921[4]
Geneva, April 11, 1921[5]

The Governing Body on January 19, 1922, decided to give effect to a resolution of the Third Session of the Conference which read as follows:[6]

[1] *Report of Director*, 1921, p. 230; 1922, p. 1041; *Official Bulletin*, I, p. 499, 500.
[2] *Official Bulletin*, II, Nos. 6 to 7, p. 11.
[3] *Ibid.*, Nos. 15 to 16, p. 17.
[4] *Ibid.*, III, p. 159.
[5] *Ibid.*, p. 500.
[6] *Ibid.*, V, p. 98.

The Conference instructs the International Labor Office, in conformity with the provisions of Art. 396, par. 1, of the treaty of peace, to institute a special inquiry on the national and international aspects of the unemployment crisis and on the means of combating it; and while pursuing its inquiry with all diligence, to call into cooperation the Financial and Economic Section of the League of Nations for the solution of the financial and economic questions raised by the inquiry.

The Conference instructs the Governing Body to define the conditions subject to which this inquiry may be made, without exceeding the expenditure provided for in the budget.

The Conference instructs the Governing Body to undertake all negotiations necessary for the convocation of an International Conference charged with studying the remedies of an international character which are likely to put an end to the unemployment crisis.

Correspondence with the League Secretariat resulted in a resolution being passed by the Third Assembly of the League authorizing the collaboration of the Economic and Financial Committees in an inquiry. The Fourth Session of the Conference on November 2, 1922, adopted a further resolution of direction and there ensued a correspondence which resulted in the establishment of the Mixed Committee on Economic Crises consisting of two members of the Employers' and Workers' Groups of the Governing Body, five members of the Economic Committee and three of the Financial Committee of the League.[1] The committee met January 2–7 and June 2–3, 1925, March 4, 1926, and May 1–2, 1927. It approached the subject of unemployment from the general point of view of attempting to devise means for foreseeing economic conditions that would result in a slackening of work. In addition to the question of economic barometers and of methods of developing and generalizing their use, the committee considered methods to be used to combat existing unemployment, and the study of periodic fluctuations, with a view to finding some means of mitigating their effects. Various disturbances caused by

[1] *Official Bulletin*, IX, p. 44 and 123.

the war and by the development of economic nationalism which took place subsequent to the war, the exaggerated and artificial development of certain industries, and the disturbance of international commerce caused by an excessive protectionism, fiscal methods, profiteering and middlemen, have received attention.

The subject of unemployment is regularly followed by a section in the Labor Office and a series of studies and reports has been devoted to the problem from the outset.

In the Eighth Session of the Conference, a resolution was passed requesting the Office "to increase to the utmost its efforts to secure wider adoption of the measures proposed in the recommendations and conventions on unemployment adopted at previous sessions."[1] In order to effectively carry out this resolution, the Governing Body appointed an Unemployment Committee on March 30, 1927, consisting of one representative of each of its three groups.[2] This committee held a meeting in June, 1927.

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Documents of the Conference, Report IIIa. 3rd Session of Conference, 1921 . . . . . $0.30

Age of Employment as Trimmers and Stokers.

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Documents of the Conference, Report III. 2nd Session of Conference, 1920 20

[1] *International Labor Conference, 8th Sess.*, 1926, p. 432.

[2] *Official Bulletin*, XII, p. 81; *Annual Report of the Director*, 1928, p. 26.

Employment of Disabled Men. (Meeting of Experts for the study of methods of finding employment for disabled men. Geneva, 31 July, 1 and 2 August 1923.)
Special Reports. 282 p. $1.00

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Documents of the Conference. Appendix of Report of Director to 6th Session of Conference, 1924 50

The International Labour Organisation and Unemployment.
Various Publications. 1926. 23 p. 05

Methods of Statistics of Unemployment.
Series N.7. 1925. 66 p. 30

Stabilisation of Employment in the United States.
Series C.11. 1926. 112 p. 50

Statistics of Unemployment in Various Countries 1910 to 1922.
Series C.6. May 1922. 28 p. 25

Unemployment.
Documents of the Conference, Report II. 1st Session of Conference, 1919 50
Documents of the Conference, Report II. 2nd Session of Conference, 1920 40

Unemployment Enquiry. Remedies for Unemployment.
Special Report. 1922. 141 p. 75

Unemployment in its National and International Aspects.
Series C.9. 1924. 227 p. 25

Unemployment Insurance. A Study in Comparative Legislation.
Series C.10. 1925. 134 p. 50

3. *Migration*[1]

Reciprocity of Workers. The First Session of the Conference, 1919, adopted a "recommendation concerning reciprocity of treatment of foreign workers" by which, on condition of reciprocity and upon terms agreed between the countries concerned, foreign workers and their families are admitted to the benefit of its laws and regulations for the protection of its own workers and to the same right of lawful organization as enjoyed by its own workers.

[1] *Report of Director*, 1927, p. 138; 1928, p. 190.

Action communicated: Australia, Belgium, Bulgaria, Chile, Denmark, Estonia, Finland, France, Germany, India, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Rumania, Siam, Spain, Sweden, Switzerland.

Migration Statistics. A "recommendation concerning communication to the International Labor Office of statistical and other information regarding emigration, immigration and the repatriation and transit of emigrants" was adopted by the Fourth Session of the Conference. The information called for is to be communicated to the International Labor Office every three months and within three months of the period to which it relates. Each state is asked to communicate within six months of the end of each year the total figures of emigrants and immigrants, both national and alien, and the details of sex, age, occupation, nationality, country of last residence and country of proposed residence. The adoption of a uniform definition of the term "emigrant," of uniform identity papers and of uniform statistical records are recommended.

Action communicated: Australia, Austria, Belgium, Canada, Czechoslovakia, Estonia, Finland, France, Hungary, India, Italy, Norway, Japan, Poland, Rumania, Siam, South Africa, Spain, Sweden, Switzerland.

Ship Inspection of Emigrants. A "convention (No. 22) concerning the simplification of the inspection of emigrants on board ship," adopted by the Eighth Session of the Conference on June 5, 1926, entered into force on December 29, 1927. The convention is designed to avoid duplication of inspection. Ratifying states accept the principle that "official inspection carried out on board an emigrant vessel for the protection of emigrants shall be undertaken by not more than one Government." For the purposes of the convention, the definition of "emigrant vessel" shall be defined for each country for itself. An official inspector is ordinarily appointed by the Government of the country whose flag the vessel flies. The inspector is to insure the observance of the rights which emigrants possess under the

laws of the country whose flag the vessel flies or such other law as is applicable, or under international agreements or the terms of contracts of transportation. The official inspector shall in no way encroach upon the master's authority on board ship. The inspector is to make a report to the Government whose flag the vessel flies within eight days after the arrival of the vessel at its port of destination.

Ratification registered: Austria, Belgium, Czechoslovakia, Great Britain, India, Luxemburg, Netherlands.
Approved by competent national authority: Cuba.
Recommended for approval to competent national authority: Bulgaria, Finland, Japan, Latvia, Uruguay.
Legislation adopted: Belgium, Czechoslovakia, Finland, Great Britain, India.

Emigrant Women. A "recommendation concerning the protection of emigrant women and girls on board ship" was adopted by the Eighth Session of the Conference. Where 15 or more women or girls, unaccompanied by a responsible person, are carried as emigrants on board an emigrant vessel a properly qualified woman, who has no other duty to fulfill on board the vessel, shall be appointed to give such emigrants any material or moral assistance in which they stand in need, without encroachment on the authority of the master of the vessel.

Action communicated: Belgium, Great Britain, India, Irish Free State, Japan, Netherlands, Norway, Siam, Sweden.

International Emigration Commission. The First Session of the Conference at Washington passed the following resolution:[1]

The Conference resolves that the Governing Body of the International Labor Office shall appoint an international commission, which, while giving due regard to the sovereign rights of each state, shall consider and report what measures can be adopted to regulate the migration of workers out of their own states and to pro-

[1] *International Labor Conference*, First Annual Meeting, p. 276.

tect the interests of wage earners residing in states other than their own, such commission to present its report at the meeting of the International Conference in 1920.

The representation of European countries on the commission shall be limited to one-half the total membership of the commission.

A report by the Office on the formation of the International Emigration Commission was acted upon March 24, 1920.[1] A commission was then appointed headed by a British chairman and an Italian vice-chairman, including Government, employers' and workers' representatives, from the following 18 states:[2]

Government: Brazil, Canada, China, France, India, Japan.
Employers': Argentine, Czechoslovak, Greek, South African, Spanish, Swiss.
Workers': Australian, German, Italian, Polish, Swedish, American.

The commission met at Geneva, August 2 to 11, 1921. The United States designated Roland B. Mahany, solicitor and acting Secretary for Emigration of the Department of Labor, to represent it on the commission. He arrived "in April with full powers from President Wilson's Government," but "was obliged to return to America for reasons of health." The Office "discreetly approached the new Administration with the view to the nomination of another representative." Robert Todd, commissioner of Emigration at the Port of New York, was appointed as a delegate, but before the opening of the session he stated that he was unable to take part in the work of the commission.[3]

The commission passed a series of resolutions dealing with some twenty phases of the problem of emigration and various interests of emigrants. In many of these it indicated the desirability of additional information or of extensive studies. Calling attention to the importance of the

[1] *Official Bulletin*, I, p. 489; *Annual Report of the Director*, 1921, p. 157, 231; 1922, p. 791.

[2] *International Emigration Commission*, Geneva, August, 1921, p. 68.

[3] *Ibid.*, p. 15.

question of emigration and its complexity, the commission requested the Governing Body to create a permanent commission to develop the question. The Governing Body discussed the constitution of this suggested commission at its 11th and 12th sessions, postponing the final decision. The Fourth Session of the Conference invited the Office to obtain the collaboration of experts, but as the mandate of the Governing Body was about to expire with the year 1922, the discussion was postponed until its 17th session, when further suggestions as to composition resulted in a further adjournment. Meantime, the Italian Government had called an International Conference on Emigration and Immigration at Rome in April, 1924.

Permanent Migration Committee. After its resolutions were communicated to the Office, the Governing Body in October, 1924, provided for the Permanent Emigration Committee, later changed to the Permanent Migration Committee,[1] consisting of three of its own members, assisted by experts. This committee consists of the Chairman and the two Vice-Chairmen of the Governing Body and 99 experts of whom the Americans are:[2]

W. W. Husband, commissioner general of immigration.

Edith Abbott, professor of social economy, University of Chicago, president of the Committee on Human Migration of the Social Science Research Council.

John R. Commons, professor of political economy, University of Wisconsin.

Mrs. Leroy B. Mitchell (Miss Ruth Crawford) of the Foreign Language Information Service.

Professor Henry P. Fairchild, New York University, immigration expert of the National Research Council.

Sidney L. Gulick, Federal Council of Churches of Christ in America.

Mary E. Hurlbutt, International Director of the International Migration Service.

Professor Jeremiah W. Jenks, member of the United States Immigration Commission, 1907–1910.

[1] *Report of the Director*, 1927, p. 27.

[2] *International Labor Conference*, 7th Sess., Geneva, 1925, *Report of the Director*, p. 135, 8th Sess., Geneva, 1926, p. 143.

Bascom Johnson, director of the American Social Hygiene Association.

Ruther Larned, former Secretary Migration Section, World's Y. W. C. A., Secretary of the International Migration Service.

Harry H. Laughlin, eugenics expert, Immigration Committee, House of Representatives.

The meetings of this succession of bodies have been as follows:

Paris, January 17, 1921.
Geneva, August 2 to 11, 1921.
Paris, February 26, 1925.
Paris, March 22, 1926.

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Documents of the Conference, Questionnaire II. 4th Session of Conference, 1922 . . . . . $0.25

Communication on Emigration, Immigration, and Repatriation, and Transit of Emigrants.

Documents of the Conference, Report. 4th Session of Conference, 1922 .15

Emigration and Immigration: Legislation and Treaties.

Special Report. 1922. 439 p. 1.50

Methods of Compiling Emigration and Immigration Statistics.

Special Report. 1922. 57 p. 1.50

Migration Movements 1920–1923.

Series O.1. 1925. 104 p. 50

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Migration Laws and Treaties.

Series O.3. 1928. 3 vols. 5.00

Report of the International Emigration Commission.

Documents of the Conference, Report. 3rd Session of Conference, 1921 1.00

The International Labour Organisation and Migration.

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4. *Russian and Armenian Refugees*

On January 15, 1925, the International Labor Office took over the task of transferring and placing in employment the human beings which theretofore had been looked after by Fridtjof Nansen, High Commissioner for Refugees of the League of Nations. Dr. Nansen's work had continued from the year 1920. One of the first great humanitarian tasks accomplished by this Arctic explorer was the repatriation of 430,000 prisoners of war belonging to 26 different nations. They were returned to their homes at an average cost of less than $5.00 per person. The wholesale evacuation of Greeks and others from Asia Minor had thrown 1,500,000 refugees into Greece. Destitution and pestilence accompanied them and the necessity for rehabilitation resulted in coordination of relief measures, finally taking the form of the Greek Refugee Settlement Scheme. Over 1,500,000 Russian refugees, scattered throughout Europe, the Near and Far East, required much attention, and particularly assistance in establishing their identity for traveling purposes. The same problem existed for 300,000 Armenian refugees.

In June, 1924, the refugee problem had resolved itself essentially into the placement in useful employment of 200,000 Russian and 200,000 Armenian refugees.

The Director of the International Labor Office was approached and recognized that the questions of employment and labor emigration fell within the scope of the Organization. Accordingly, on June 12, 1924, the Council of the League invited the Governing Body of the Office to accept the task of finding employment for and managing emigra-

tion and settlement of these refugees. The Fifth Assembly of the League on September 25 acted on this suggestion and voted 203,000 French francs for the administrative purposes. The Governing Body of the Office on October 10, 1924, accepted the task on the understanding that it was to undertake "an investigation, coordination and communication of offers of employment made to the refugees, the conditions in which the refugees can take advantage of such offers and estimate of the number of refugees for whom employment is to be found." The Governing Body established a Subcommittee on Refugees which worked with the Refugee Advisory Committee that had existed under the League for several years.

On May 10 to 11, 1926, an intergovernmental conference was convened by the Office to take various decisions on the phases of the problem of employment.[1] A similar conference was held on June 15, 1927, of the Governments in which the refugees for the most part reside; namely, Bulgaria, Czechoslovakia, Finland, France, Germany, Great Britain, Greece, Latvia, Poland, Rumania and Serb-Croat-Slovene State. The object of this conference was to secure necessary funds to organize the placing of refugees in overseas countries. A mission to South America had developed various opportunities for permanent emigration, and it was to take advantage of them that the conference was called. The Refugee Advisory Committee has met under the auspices of the Governing Body on September 9, 1926, June 16, 1927, September 6, 1927, and May 22, 1928. A third governmental conference on the legal status of refugees was held June 28–30, 1928.[2]

The census taken by the Refugees Service of the Office showed that there were about 250,000 of them without employment. Completion of the arrangements for the validity of the refugees' identity certificates was one of the necessary steps to secure freedom of movement for refugees with respect to employment. By April, 1928, 51 Govern-

[1] *Industrial and Labor Information*, XVIII, p. 280.

[2] *Ibid.*, XXVII, p. 35.

ments were recognizing these certificates for Russian refugees and 36 for Armenians.

By May, 1928, 50,000 of the total number of refugees had been placed in permanent employment and were regarded as no longer constituting a liability for the Organization. A principal feature of the task has been the development of colonization schemes, especially in South America. Provision was made for the settlement of 700 refugees in the Argentine, for 2,500 in Bolivia, 1,100 in Brazil, 125 in Paraguay and 350 in Peru. In the French colonies the way was opened for the placement of refugees in agricultural work. Altogether, some 6,000 persons have been so transferred.

Of the 90,000 Armenians in Syria 50,000 are regarded as more or less self-supporting. Plans have been made to settle 24,000 of the remainder as agriculturalists and 16,000 as artisans, with special assistance from the Government.

The funds for the work have come from several sources. The so-called Nansen stamps have produced some 200,000 Swiss francs. Nearly $250,000 has been available from various relief associations and interested Governments. The Lebanon Government has made a grant of about $125,000 for a building project, especially for Armenians.

American philanthropic institutions, including the American Red Cross, the Laura Spellman Rockefeller Memorial and the Russian Refugee Relief Society of America, in 1927 subscribed $100,000 toward the cost of removing Russian refugees from Constantinople. The number of these refugees, of whom there were 90,000 in 1921, gradually dwindled until there remained only 2,879 Russian immigrants in Turkey. These were ordered by the Government to leave the country before August, 1927. As a result of the intervention of the Office, it was agreed that their expulsion should be postponed, provided that all the Russian refugees should have left the country by February 6, 1929. On February 6, 1928, only 750 remained.

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Report by the Director of the International Labor Office on Placement of Refugees in Employment, Part II of *Report to the Ninth Ordinary Session of Assembly on Russian, Armenian, Assyrian, Assyro-Chaldean and Turkish Refugees.*
League of Nations, 1928. VIII. 6 . . . . . $0.30

Scheme for the Settlement of Armenian Refugees. General Survey.
League of Nations, 1927. IV. 1 60

Report to the Eighth Assembly, 1927 on Refugees.
League of Nations, 1927. XIII. 3 30

V. Protection of Special Classes

1. *Protection of Seamen*[1]

Articles of Agreement. A "convention (No. 23) concerning seamen's articles of agreement," adopted by the Ninth Session of the Conference on June 24, 1926, entered into force April 4, 1928. "Articles of agreement shall be signed both by the shipowner or his representative and by the seaman." National law shall make adequate provision to insure that the seaman has understood the agreement, and shall prescribe other formalities and safeguards necessary for the protection of the interests of the shipowner and of the seaman. Every seaman shall be given a document containing a record of his employment on board a vessel, but it "shall not contain any statement as to the quality of the seaman's work or as to his wages." An agreement may be for a definite period or for a voyage or, if permitted by national law, for an indefinite period. An agreement for an indefinite period may be terminated on 24 hours' notice in any port where the vessel loads or unloads. Any agreement is duly terminated by mutual consent of the parties, death of the seaman, loss of the vessel, or other causes provided in national law or the convention.

[1] *Report of Director*, 1927, p. 186; 1928, p. 203.

A seaman who shows to the satisfaction of the shipowner or his agent that he can obtain a post of a higher grade than he actually holds, "or that any other circumstance has arisen since his engagement which renders it essential to his interests that he should be permitted to take his discharge," may claim a discharge, provided that he furnishes a competent substitute without increased expense to the shipowner and to the latter's satisfaction.

The convention does not apply to ships of war, Government vessels not engaged in trade, vessels engaged in the coasting trade, pleasure yachts, Indian country craft, fishing vessels and vessels of less than 100 tons gross registered tonnage.

Ratification registered: Belgium, Cuba, France, Luxemburg.
Approved by competent national authority: Italy.
Recommended for approval to competent national authority: Bulgaria, Finland, Hungary, Japan, Latvia, Netherlands, Poland, Uruguay.
Legislation adopted: Estonia, France.

National Seamen's Codes. A "recommendation concerning the establishment of national seamen's codes" was adopted at the Second Session of the Conference. Each Member state was recommended to "undertake the embodiment in a seamen's code of all its laws and regulations relating to seamen in their activities as such," in order that those workers may have a better comprehension of their rights and obligations and "in order that the task of establishing an international seamen's code may be advanced and facilitated."

Action communicated: Australia, Bulgaria, Canada, Chile, Estonia, France, Germany, India, Italy, Japan, Norway, Sweden, Switzerland.

Repatriation. A "convention (No. 24) concerning the repatriation of seamen," adopted by the Ninth Session of the Conference on June 23, 1926, entered into force on April 16, 1928. "Any seaman who is landed during the

term of his engagement or on its expiration shall be entitled to be taken back to his own country, or to the port at which he was engaged, or to the port at which the voyage commenced." Suitable employment on board a vessel proceeding to one of these destinations shall be deemed due repatriation. The right of a foreign seaman engaged in a country other than his own to be repatriated is provided by the national law or the articles of agreement. Expenses of repatriation shall not be a charge on the seaman if he is left behind by reason of injury sustained in service, shipwreck, illness not due to his own wilful act or default, or discharge for any cause for which he can not be held responsible. Repatriation as a member of a crew entitles the seaman to remuneration for work done.

Ratification registered: Belgium, Cuba, Estonia, Luxemburg.
Approved by competent national authority: Italy.
Recommended for approval to competent national authority: Bulgaria, Finland, France, Hungary, Japan, Latvia, Netherlands, Poland, Uruguay.
Legislation adopted: Estonia, France.

A "recommendation concerning the repatriation of masters and apprentices," adopted by the Ninth Session of the Conference, urges the taking of national steps to provide for the repatriation of these classes by legislation.

Action communicated: France, India, Irish Free State, Japan, Netherlands, Norway, Siam, Sweden.

Employment Facilities. A "convention (No. 10) for establishing facilities for finding employment for seamen," adopted at the Second Session of the Conference on July 10, 1920, entered into force on November 23, 1921. Employment agencies for seamen shall not be carried on "as a commercial enterprise for pecuniary gain," and seamen shall not be charged any fee directly or indirectly for obtaining employment on any ship. National laws shall provide punishment for violation of these provisions. Each

ratifying state undertakes to take all practical measures to abolish the practice of finding employment for seamen as a commercial enterprise.

Each state agrees to organize and maintain an efficient and adequate system of public employment offices administered by persons having practical maritime experience. These shall be organized either by the shipowners and seamen jointly or by the state itself. Effort shall be made to coordinate them on a national basis. Committees of shipowners and seamen shall be constituted to advise on their operation.

"Freedom of choice of ship shall be assured to seamen and freedom of choice of crew shall be assured to shipowners." Necessary guaranties for all parties are to be included in the articles of agreement, and seamen are assured facilities to examine the agreement before and after signing.

Ratification registered: Australia, Belgium, Bulgaria, Cuba, Estonia, Finland, France, Germany, Greece, Italy, Japan, Latvia, Luxemburg, Norway, Poland, Sweden.
Approved by competent national authority: Netherlands.
Recommended for approval to competent national authority: Argentina, Chile, Spain, Uruguay.
Legislation adopted: Australia, Belgium, Bulgaria, Estonia, Finland, France, Germany, Greece, Italy, Japan, Latvia, Norway, Poland, Sweden.

Unemployment Insurance. A "recommendation concerning unemployment insurance for seamen" was adopted by the Second Session of the Conference. It contemplated the establishment of an effective employment insurance arising out of shipwreck or other causes.

Maritime Indemnity. A "convention concerning unemployment indemnity in case of loss or foundering of the ship," adopted by the Second Session of the Conference on July 9, 1920, entered into force on March 16, 1923.[1] The indemnity shall be paid at the rate of wages under contract

[1] For action thereon, see p. 165.

for the days during which the seaman remains unemployed as a result of loss or foundering of the ship. Seamen have the same remedies to recover this indemnity as they have recovering arrears of wages earned during the service.

Employment of Children. A "convention fixing the minimum age for admission of young persons to employment as trimmers or stokers,[1]" adopted by the Third Session of the Conference on November 11, 1921, entered into force November 20, 1922. Persons under 18 years of age shall not be employed or work on vessels as trimmers or stokers. This does not apply to work approved and supervised by public authority on training or school-ships or on vessels not propelled by steam. If a trimmer or stoker is required in a port where only persons under 18 years of age are available, they may be employed provided two young persons are engaged in place of each trimmer or stoker required.

Medical Examination. A "convention concerning the compulsory medical examination of children and young persons employed at sea," adopted by the Third Session of the Conference on November 11, 1921, entered into force on November 20, 1922.[1] The employment of any person under 18 years of age on any vessel is conditioned on the production of a medical certificate attesting fitness for such work signed by a doctor approved by the competent authority. The certificate shall be renewed at least once each year. Under exceptional conditions such a young person may embark, the examination to be undergone at the first port at which the vessel calls.

Minimum Age. A "convention fixing the minimum age for admission of children to employment at sea," adopted by the Second Session of the Conference on July 9, 1920, entered into force on September 27, 1921.[2] Children under 14 years of age are not to be employed on vessels other than those manned by members of the same family.

[1] For action of states, see p. 146.

[2] *Ibid.*, p. 145.

The term "vessel" includes all ships and boats, of every nature whatsoever, engaged in maritime navigation, whether publicly or privately owned, but excluding vessels of war. Training and school-ships are excluded if they are supervised by public authorities.

For the better enforcement of the provisions, shipmasters are required to keep a register of all persons under 16 years of age employed aboard ship.

Inspection of Conditions of Work. A "recommendation concerning the general principles for the inspection of the conditions of work of seamen" was adopted by the Ninth Session of the Conference. The principal objects of inspection are "to secure the enforcement of all laws and regulations dealing with" the conditions under which seamen work and the protection of seamen in the exercise of their profession. Inspectors may be intrusted with secondary duties of a social nature, according to the customs of different countries. In so far as possible, inspection is to be centralized under a single authority. Collaboration with other national authorities is recommended.

Action communicated: France, India, Irish Free State, Japan, Netherlands, Norway, Siam, Sweden.

Hours of Work of Seamen. Regulation of hours of work on board ship was placed on the agenda of the maritime session of the Conference to be held in 1929.

Joint Maritime Commission. This Commission[1] was established by resolution of the Governing Body on March 23, 1920. It consists of 12 members, five of whom are shipowners and five seamen chosen by the Genoa Conference and two members chosen by the Governing Body. The commission "will assist the technical maritime service of the Labor Office and will be consulted on questions of maritime labor." The chairman of the Governing Body presides over its deliberations, and he has convoked it as follows:

[1] *Official Bulletin*, I, p. 487.

1. Geneva, November 8–10, 1920.[1]
2. Paris, March 7–8, 1922.[2]
3. London, December 17–19, 1923.[3]
4. San Sebastian, September 16–18, 1924.[4]
5. Paris, April 27–29, 1925.[5]
6. Paris, May 5–7, 1926.[6]
7. Geneva, January 20–22, 1927.[7]
8. Geneva, March 23–27, 1928.[8]

A Subcommittee on Deck Cargoes met at Paris May 11, 1923, and at London December 17, 1924.[9]

The commission at its eighth session was attended by a total of 14 expert members, the addition of two deputy shipowner members and two deputy seaman members having been suggested at its sixth session and the increase approved by the Governing Body at its 29th session. The Governing Body at its 35th session recommended that the maritime session of the Conference in 1929 should formally increase the membership of the committee from 10 to 14 and that four seats be reserved for representatives of non-European countries.

Standard Qualifications. The Governing Body considered at its 38th session a request by the International Association of Mercantile Marine Officers, in consequence of the collision which occurred at sea between the French vessel *Lotus* and the Turkish vessel *Boz Kourt*. The request was that the Governing Body should submit to the International Maritime Conference in 1929 the question of the laying down of international rules for the penalties to be imposed and the competent courts to deal with offenses of an oc-

[1] *Official Bulletin*, II, No. 11, p. 1; *Annual Report of the Director*, 1921, p. 202, 227.
[2] *Annual Report*, 1922, p. 860; *Official Bulletin*, V, p. 186.
[3] *Official Bulletin*, IX, p. 40.
[4] *Ibid.*, p. 204.
[5] *Ibid.*, X, p. 68; *Annual Report*, 1926, p. 142.
[6] *Ibid.*, XI, p. 85; *Annual Report*, 1927, p. 27.
[7] *Ibid.*, XII, p. 17.
[8] *Ibid.*, XIII, p. 63.
[9] *Ibid.*, VII, p. 211, and X, p. 7.

cupational character committed at sea and the certificates of occupational capacity required for officers of the watch. The object of the proposal was not to question the decision given by the Permanent Court of International Justice,[1] but to remedy by international provisions certain gaps in international law which had been found to exist on the occasion of the *Lotus* incident.

The Governing Body invited the Director to continue the study of the proposals and to get into touch with those interested, in particular the Secretariat of the League of Nations.

The Joint Maritime Commission at its 8th meeting unanimously adopted a resolution inviting the Governing Body to examine the possibility of placing on the agenda of the 1929 Maritime Conference the question of the institution by each maritime country of a minimum international standard of professional qualifications for masters, navigating officers, and engineer officers in charge of watches on merchant vessels.

Protection of Health. On the question of the general protection of the health of seamen, there exists a permanent joint committee of the League of Red Cross Societies, the Health Section of the League of Nations, and the International Labor Office, with a view to studying suitable measures for facilitating the medical treatment of seamen and the promotion of their wellbeing both at sea and shore.

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[1] *Publications of the Permanent Court of International Justice*, Series A, No. 10, Series C, No. 13-II.

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Series P.1. 1926. 890 p. 4.00

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Documents of the Conference, Report II. 2nd Session of Conference, 1920 50
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Various Publications. 1927. 38 p. 05

2. *Agricultural Workers* [1]

Agricultural labor and conditions are not specifically mentioned in the labor part of the treaty. The earlier activities of the Conference were devoted to industrial and

[1] *Report of Director*, 1927, p. 194; 1928, p. 211.

maritime conditions. The application of principles agreed upon to the agricultural field was included in the agenda of the Third Session of the Conference. On May 13, 1921, the French Government objected to the inclusion of the item "hours of labor in agriculture" in the agenda of this session. The objection was not to the discussion of agricultural questions in general, but to this item in particular and was based primarily on the ground that consideration of the subject was premature. The French note stated that national legislation was lacking on that complex problem, indicating a lack of national consideration of it, which rendered its examination inadvisable from an international point of view because of lack of knowledge. It would be "hazardous to seek to attain a concerted system of regulation in the various nations concerned, in view of their diversity in climate, class of agriculture, system of cultivation, and of the countless uncertainties and vicissitudes inherent in agriculture."[1] There were seasonal variations in hours of agricultural labor, making supervision impossible.

The Governing Body and the Office continued to prepare the question for the session of the Conference. On October 7, 1921, the French Government filed an objection to the inclusion of all agricultural questions in the agenda of the Third Session, this being the result of active debate on the subject in the country, and in part due to action taken by French agricultural interests. In stating this objection the French note was based on the contention that the treaty did "not anywhere make specific mention of agricultural workers." It tended to the conclusion that this subject was within the competence of the International Institute of Agriculture at Rome, established by the international convention of June 7, 1905, which precluded consideration by the International Labor Conference. France also foresaw that any attempt to regulate agricultural conditions of labor would tend to reduce production and thus have an effect upon the entire problem of recovery from the World

[1] *Official Bulletin*, III, p. 650.

War.[1] The Governing Body reported these objections to the Third Session of the Conference which on October 27, 1921, by a vote of 74 to 20 passed a resolution to consider the questions on the agenda on the ground that the Conference "has jurisdiction to deal with matters relating to agricultural labor," and that the placing of the questions on the agenda "is in accord both with the decision taken by the Washington Conference and with the reasonable demand of the agricultural workers."[2]

The matter was the subject of a debate in the French Chamber on November 29, 1921.[3] On January 23, 1922, the Director of the Office was informed by the Secretary-General of the League of Nations that the French Government had asked the Council of the League to request the Permanent Court of International Justice to give an advisory opinion on the following question:

> Is the International Labor Organization competent to deal with questions of agricultural labor? If the reply is in the affirmative, how far do its powers extend in the matter?

On June 13, 1922, the French Government asked the Council to refer to the Permanent Court for an advisory opinion the following additional question:

> Does examination of proposals for the organization and development of methods of agricultural production and of other questions of a like character fall within the competence of the International Labor Organization?

On May 12, 1922, and July 18, 1922, the questions were referred to the Court.[4] The Court rendered both opinions on August 12, 1922, the operative part of its decisions being:[5]

[1] *Official Bulletin*, IV, p. 337.

[2] *Ibid.*, p. 383; *Annual Report*, 1922, p. 870.

[3] *Ibid.*, p. 515.

[4] For the correspondence, proceedings before the Court and Advisory Opinions, see *Official Bulletin*, VI, p. 12 to 207, 339, 420.

[5] *Publications of the Permanent Court of International Justice, Advisory Opinions*, Series B, Nos. 2 and 3, p. 43, 59; Series C, No. 1.

The Court is of opinion that the competence of the International Labor Organization does extend to international regulation of the labor of persons employed in agriculture, and therefore answers in the affirmative the question referred to it.

The Court understands the question to be whether the consideration of means of production in itself, and apart from the specific points in respect of which powers are conferred upon the International Labor Organization by the treaty, falls within the competence of that Organization.

This question, for the reason above stated, the Court answers in the negative.

At its 11th session the Governing Body decided in principle to establish an advisory committee for discussing with the International Institute of Agriculture the respective spheres of action of the Institute and the Labor Organization. The 12th session of the Governing Body in April, 1922, was held at Rome on the invitation of the Italian Government, and opportunity was afforded to establish contact with the Institute by appointing three members of the Governing Body to examine the question with representatives of the Institute. This mixed committee met at Geneva, June 26–28, 1922,[1] and the common interests of the two institutions were canvassed and made the subject of a report. As a result of this report, the Governing Body at its 14th session decided on October 13, 1922, to appoint a Mixed Advisory Committee on Agriculture, representative of the Governing Body and the International Institute of Agriculture. The decision to this effect was postponed until after the advisory opinions of the Permanent Court were rendered and was made in the light of discussions with the principal organizations of agricultural employers. The Governing Body appointed to this advisory committee three of its members representative of the Government, employers' and workers' groups respectively.[2] On October 14, 1926, the number of representatives was increased from

[1] *Official Bulletin*, VI, p. 92.
[2] *Ibid.*, p. 527.

three to six.[1] The Permanent Committee of the International Institute of Agriculture provides an equal number of members to the committee, which is assisted by a group of experts.

The committee's purpose is "to lay down clearly the respective spheres of activity of the two institutions and to avoid the possibility of overlapping in the study of questions relating to agricultural labor or production," as well as to arrange "not merely a division of labor, but, in the case of certain studies, loyal collaboration."[2]

The committee met at Geneva August 22–24, 1923,[3] to examine the questions of the vocational training of agricultural workers, workers' cooperation in agriculture and the prevention of anthrax infection in flocks.

The collaboration plan was continued during 1924, and in June, 1925, the committee held a preliminary meeting to draw up the agenda of its second session, which was held in Rome, November 5 to 7, 1925, and which discussed:[4]

1. Vocational education of agricultural workers;
2. Farm household management instruction;
3. Cooperation in the sphere of agriculture;
4. Marketing of agricultural produce;
5. Creation of allotments;
6. Prevention of anthrax infection in flocks;
7. Scheme for inquiry into the character and results of recent agrarian legislation;
8. Exchange of documentary information on the subject of emigration between the two institutions.

The third session of the committee was held at Geneva, January 24–25, 1927, to consider the following:

1. Methods of rendering the collaboration of the experts more effective;
2. Consideration of the work carried out jointly by the two institutions: studies of agrarian reform, technical agri-

[1] *Official Bulletin*, XI, p. 343.
[2] *Report of the Director*, 1924, p. 323.
[3] *Official Bulletin*, VIII, p. 99.
[4] *Report of the Director*, 1926, p. 146.

cultural education and agricultural cooperation, new questions laid before the International Labor Organization, cost of labor as a proportion of the cost of agricultural production and hours of work in agriculture.

The Governing Body at its 35th session decided to regard the six representatives of the Governing Body on the committee as a kind of special committee to discuss agricultural questions from the point of view of the Office. This special committee met for the first time in February, 1928.

Living-In Conditions. A "recommendation concerning living-in conditions of agricultural workers" was adopted by the Third Session of the Conference. States are recommended to take statutory or other measures to regulate the living-in conditions of agricultural workers after consultation with any employers' and workers' organizations concerned. Such measures shall provide rooms that can be heated, separate beds for each worker, facilities for insuring personal cleanliness and for the separation of the sexes. "Stables, cowhouses and open sheds should not be used for sleeping quarters."

Action communicated: Australia, Belgium, Bulgaria, Estonia, France, Hungary, Italy, Japan, Norway, Poland, Siam, Sweden, Switzerland.

Rights of Association. A "convention concerning the rights of association and combination of agricultural workers," adopted by the Third Session of the Conference on November 12, 1921, entered into force on May 11, 1923.[1] Each ratifying state "undertakes to secure to all those engaged in agriculture the same rights of association and combination as to industrial workers."

Workmen's Compensation. A "convention concerning workmen's compensation in agriculture," adopted by the Third Session of the Conference on November 12, 1921, entered into force on February 26, 1923.[2] Each ratifying

[1] For action of states, see p. 212.
[2] *Ibid.*, p. 152.

state "undertakes to extend to all agricultural wage-earners its laws and regulations which provide for the compensation of workers for personal injury by accident arising out of or in the course of their employment."

Social Insurance. A "recommendation concerning social insurance in agriculture" was adopted by the Third Session of the Conference.[1] Each Member state is recommended to "extend its laws and regulations establishing systems of insurance against sickness, invalidity, old age and other similar social risks to agricultural wage-earners on conditions equivalent to those prevailing in the case of workers in industrial and commercial occupations."

Unemployment. A "recommendation concerning the prevention of unemployment in agriculture" was adopted by the Third Session of the Conference.[2] It recommended each state to examine and make an annual report upon the advisability:

1. Of adopting modern technical methods to bring into cultivation land not worked or only partially developed;
2. Of encouraging the adoption of improved systems of cultivation and the more intensive use of land;
3. Of providing facilities for settlement on the land;
4. Of taking steps to render work of a temporary nature accessible to unemployed agricultural workers by providing transport facilities;
5. Of developing forms of employment to provide occupation for agricultural workers during their seasonal unemployment;
6. Of encouraging the creation of workers' cooperative societies for the working and purchase or renting of land, and of increasing agricultural credit therefor.

Childbirth Protection. A "recommendation concerning the protection, before and after childbirth, of women wage-earners in agriculture" was adopted by the Second Session of the Conference. It recommends the application of the 1919 convention to this class of workers.

[1] For action of states, see p. 152.

[2] *Ibid.*, see p. 164.

Night Work of Women. A "recommendation concerning night work of women in agriculture," adopted by the Third Session of the Conference,[1] urges states to insure women wage-earners in agricultural undertakings "a period of rest compatible with their physical necessities" and consisting of not less than 9 consecutive hours if possible.

Children Employed. A "convention concerning the age for admission of children to employment in agriculture," adopted by the Third Session of the Conference on November 16, 1921, entered into force on August 31, 1923.[2] "Children under the age of 14 years may not be employed or work in any public or private agricultural undertaking or in any branch thereof, except outside the hours fixed for school attendance." Their work shall not be such as to prejudice their attendance at school. On the other hand, "for purposes of practical vocational instruction," school hours may be so arranged as to provide for light agricultural work.

Night Work of Children. A "recommendation concerning night work of children and young persons in agriculture" was adopted by the Third Session of the Conference.[3] States are recommended to regulate the employment of children both under the age of 14 and between the ages of 14 and 18 so as to insure a period of rest compatible with their physical necessities and consisting of not less than 10 and 9 consecutive hours respectively.

Education. A "recommendation concerning the development of technical agricultural education" was adopted by the Third Session of the Conference. By it states are urged to develop vocational agricultural education and make it "available to agricultural wage-earners on the same conditions as to other persons engaged in agriculture."

Reports to the International Labor Office are requested.

Anthrax Prevention. A "recommendation concerning the prevention of anthrax," adopted by the First Session of

[1] For action of states, see p. 123.

[2] *Ibid.*, see p. 144.

[3] *Ibid.*, see p. 124.

the Conference, recommended to states that "arrangements should be made for the disinfection of wool infected with anthrax spores, either in the country exporting such wool or if that is not practicable at the port of entry in the country importing such wool."

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Special Report, 1921. 96 p. 65

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—— Vol. II: Great Britain, Irish Free State, France, Belgium, Luxemburg, Netherlands, Switzerland.

Series A.29. 1927. 413 p. 1.25

Freedom of Association.

Documents of the Conference, Preliminary Report. 10th Session of Conference, 1927. 146 p. 50

3. *Non-Manual Workers*[1]

In Europe there are nearly two million non-manual workers grouped into the following organizations: International Federation of Technical and Non-Manual Workers, International Federation of Christian Non-Manual Workers' Trade Unions and the International Federation of Independent Non-Manual Workers' Trade Unions.

At a conference held towards the end of 1926 at Montreux, Switzerland, the various organizations of non-manual workers adopted a common program of objects. This program was endorsed by the first meeting of the International Association for Social Progress, whose headquarters are at Bern. It includes a number of questions which are of special interest to non-manual workers such as termination of the contract of service, period of notice, compensation for dismissal, guaranty of wages in case of forced absence from work, restraint of trade clause (which prohibits the worker from competing with his employer upon termination of contract), and regulation of shop closing.

[1] *Report of Director*, 1927, p. 62; 1928, p. 218.

The Labor Office has undertaken documentary studies on all these questions. Two questions — termination of contract of service and regulation of shop closing — will be discussed by the Conference in 1929. Some of these studies have appeared in the *International Labour Review* and information regarding non-manual workers is printed weekly in *Industrial and Labour Information.*

The Conventions and Recommendations which have been adopted by the International Labor Conference apply to non-manual workers just as much as to manual workers in regard to unemployment, emigration, maternity and social insurance. The following is a list of decisions of the Conference covering non-manual workers:

Draft Conventions concerning:

- Unemployment.
- Employment of women before and after childbirth.
- Workmen's compensation for accidents.
- Workmen's compensation for occupational diseases.
- Equality of treatment for national and foreign workers as regards workmen's compensation for accidents.
- Simplification of the inspection of emigrants on board ship.
- Sickness insurance for workers in industry and commerce and domestic servants.

Recommendations concerning:

- Unemployment.
- Reciprocity of treatment of foreign workers.
- Application of weekly rest in commercial establishments.
- Statistical and other information on emigration, immigration and repatriation and transit of emigrants.
- Systems of inspection for the protection of workers.
- Development of facilities for utilization of workers' spare time.
- Minimum scale of workmen's compensation.

Jurisdiction in disputes on workmen's compensation.
Workmen's compensation for occupational diseases.
Equality of treatment for national and foreign workers as regards workmen's compensation for accidents.
Protection of emigrant women and girls on board ship.
General principles of sickness insurance.

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Series L. 1. 1924. 92 p. $0.40

Conditions of Work and Life of Journalists.
Series L. 2. 1928. 219 p. 1.00

4. *Intellectual Workers* [1]

Advisory Committee. The International Confederation of Intellectual Workers placed a request before the 27th session of the Governing Body that intellectual workers should be insured representation on delegations of the various countries to the Conference. The Governing Body at its 30th session did not find it desirable to grant this request. However, the continuous relations of the Governing Body with the International Committee on Intellectual Cooperation pointed to the desirability of work in that field with respect to the economic and social problems confronting intellectual workers. On December 19–20, 1927, at Brussels three members of the Governing Body [2] and two of the International Committee on Intellectual Cooperation met to draw up proposals for the constitution of an Advisory Committee on Intellectual Workers to assist the Office. At its 39th session the Governing Body appointed the Committee to consist of:

1. Five members, three of the Governing Body and two of the League of Nations International Committee, their

[1] *Report of Director*, 1927, p. 235; 1928, p. 222.

[2] Appointed at the 35th session of the Governing Body.

function being to indicate which body shall study particular questions;

2. Representatives "of the most important national and international organizations of intellectual workers"; those for 1928–29 to be 11 persons from six organizations;[1] and

3. Experts of special competence for items on the agenda.

The Advisory Committee will first study the following subjects:

1. Termination of the employment of journalists in the event of a change occurring in the policy of their newspaper;

2. Stipulation concerning the acceptance of other employment in the case of engineers and technical staff leaving an establishment;

3. Finding of employment for theatrical artists;

4. Inventions by employees.

5. *Native and Colonial Labor*[2]

Committee. The International Labor Office is called upon to study native labor questions, in the first place in connection with the conditions of application of conventions, by countries which have ratified them, to their colonies, protectorates and possessions which are not fully self-governing in virtue of Art. 421 of the treaty and, in the second place in connection with conditions of labor in mandated territories. The Governing Body, at its session of July, 1922, specially considered the need for collecting and making available information on native labor questions, and intrusted this task to the Diplomatic Division of the Office as the service concerned with the application of Art. 421 and labor questions in countries under mandate.

[1] For 1928–1929 the organizations permitted to appoint representatives might be the following: International Federation of Intellectual Workers (4 members); International Federation of Journalists (1 member); German organizations of intellectual workers (1 member); Italian organizations of intellectual workers (1 member); Intellectual workers of extra-European countries (2 members); and International Employers' Organization (2 members).

[2] *Report of the Director*, 1927, p. 201; 1928, p. 224.

In accordance with the terms of a resolution adopted by the League Assembly in 1926 simultaneously with the slavery convention, the Assembly requested the Council of the League "to inform the Governing Body of the International Labor Office of the adoption of the slavery convention, and to draw its attention to the importance of the work undertaken by the Office with a view to studying the best means of preventing forced or compulsory labor from developing into conditions analogous to slavery." The Office thereupon proposed to the Governing Body to set up a committee of experts in order to give the states interested in the matter the assurance that the most careful preparatory work would be undertaken in order to arrive at international decisions on the question.[1]

At its 32nd and 33rd sessions in May and October, 1926, the Governing Body, after considering the proposals submitted to it by the Director, drew up a list of experts whom it was suggested should be consulted on the questions of forced and contract labor.[2]

The Committee on Native Labor consists of 12 experts[3] who met at Geneva July 7–12, 1927, to consider the report on forced labor prepared by the Office. As a result of the consideration of this report, revised in accordance with the recommendations of the experts, and the resolutions voted by them, the Governing Body decided to place the question of forced labor on the agenda of the 1929 Conference. As a result of a motion submitted by Mr. Giri, Indian workers' delegate to the Tenth Session of the Conference, the Governing Body instructed the Director to suggest to Governments that they might draw the attention of the most representative workers' organizations to the desirability of including in delegations to the Conference representatives of workers in colonies or mandated territories, particularly when questions affecting their conditions of work appeared on the agenda of the Conference.

[1] *Official Bulletin*, XI, p. 32.

[2] *Ibid.*, p. 119.

[3] Joseph P. Chamberlain, professor of international law, Columbia University, is a member of the committee.

The committee admitted that, while the regulation of forced labor was intended to prevent abuses arising under this system, the real aim was to hasten the disappearance of forced labor in all its forms. Recourse to forced labor should only be had in certain precise conditions which were determined by the committee. The committee drew up the following principles to be applied in the employment of forced labor, where it was indispensable: in no case should women, children, aged or medically unfit persons be subjected to it; forced labor should always be remunerated except in cases of *force majeure* or local work in the villages; the normal working hours should not exceed 8 hours per day or 48 hours per week; administrations should take all the necessary measures to assure the acclimatization of workers removed from their usual conditions of life and they should consider themselves responsible for the maintenance of workers, victims of accidents or illness due to the conditions of their employment.

An important decision, adopted by a majority of votes, stipulated that the duration of forced labor for an individual should not exceed 60 days per annum except in cases where the natives were obliged to go long distances in order to carry out the work, when the duration could be as long as six months. As regards compulsory cultivation of the land, the committee considered that the only form of compulsion which could be authorized was the cultivation of the land in order to prevent famine or a dearth of foodstuffs. The committee was unanimous in deciding that no administration should authorize forced labor for the benefit of private persons or societies and that where forced labor of this kind existed every effort should be used to put an end to it as soon as possible.

In approving these principles the committee did not necessarily mean to imply that all of them were suitable for insertion in any future international convention.

The committee, in addition to urging the examination of the subject by the Conference, adopted two resolutions of policy, as follows:

In view of the continually increasing importance of the question of the conditions of labor in extra-European areas where industrial development is still at a low stage;

And in view of the undoubted utility of the widest possible dissemination of reliable information concerning the measures taken by the various administrations to safeguard the well-being of the populations under their charge:

The Committee of Experts on Native Labor urges the International Labor Office to consider by what means it may be possible to secure the publication of complete information on questions affecting labor conditions in such areas.

That, in the opinion of this committee, all forced labor should cease at the earliest possible moment, and the Committee therefore recommends that it should be the aim of all administrations to hasten the time when forced labor of any nature shall cease to be imposed.

6. *Special Countries — Asiatic Inquiry*

The situation of Asiatic countries in regard to social policy has received attention at each session of the Conferences since 1919. A documentary inquiry into the conditions of labor in China, India, Japan, Persia and Siam, and in the colonies, protectorates and mandated territories in Asia was decided upon by the 1925 session of the Conference.

In May, 1928, draft reports for India and China and Japan were practically finished, while those for Persia, the Dutch East Indies and other territories are still in course of preparation.

The studies will clearly outline the difficulties against which Asiatic countries have to struggle to reach the common level of labor protection existent in other states. More and more they are ceasing to take advantage of special provisions made in their favor in the treaties of peace. Japan and India have consistently shown a desire to conform to international practice. The disturbed political situation in China has retarded her industrial development in this respect.

The scope of the inquiry in the various countries is sketched below.

China. The revolution in China has not been conducive to the functioning of social legislation. But despite the military operations some progress has been made. In March, 1923, provisional factory regulations were issued, limiting the hours of labor and instituting certain provisions for child labor. On November 2, 1927, these were replaced by regulations promulgated by the Peking Government and include two new principles: penalties for breach of the regulations, and the fixing of minimum wages by inspectors in agreement with the employers.

The Peking Government also had the documents of the International Labor Conference translated. The Nanking Government created a Labor Office for the preparation of a labor code, for unification of the trade unions and setting up workers' credit associations. Liaison is being established between the trade unions of the different provinces. Federations of industrial and agricultural workers are being formed and the social policy of the Kuomintang is progressing in spite of the pressure of other problems. The foundation of the Economic Research Society in Kiangsu and the formation of national industrial organizations such as the Producers' Association of Tientsin and the Industrial Service League of Shanghai are indicative of the new movements in China which will be covered in the inquiry now in preparation.

India. The whole of Indian labor legislation is being analyzed, including that dealing with the Indian States and British India. The Indian States are not members of the International Labor Organization and as quasi-independent states are not subject to the labor legislation enacted by the Government of India. These states embrace 40% of the total area of India and possess a population of 72,000,000, or 22% of the inhabitants.

The study covers the growth of modern industrialism, labor legislation, industrial relations, conditions of employment, health and safety, hours of work, industrial efficiency, standard of living and unemployment. The

main object of the inquiry is to describe the conditions of labor on the basis of documentary evidence published by the central and local governments in India.

Japan. The constant progress of the democratic system has not failed to have its effect on social legislation. The inauguration of a completely new system of labor legislation has been inspired by the Recommendations and Draft Conventions of the International Labor Conferences. The historical and economic basis of Japanese industry, industrial relations and trade unionism will be thoroughly treated in the inquiry as well as the new developments in the solution of the questions of food and population.

Netherlands East Indies. The study of conditions in Java, Sumatra and the Outer Provinces will deal with unrest in Java shown by strikes, uprisings in Sumatra, and the development of labor legislation from the first recruitment of workers in 1864 up to 1925. Coolie labor ordinances and penal sanctions are also described. The supervision of the application of the provisions of the Coolie Ordinances is intrusted to the Labor Inspectorate for the Outer Provinces set up in 1908 and attached to the Labor Office since 1923.

British Malaya. For the purpose of the inquiry British Malaya is regarded as consisting of the Straits Settlements, the Federated Malay States of Perak, Selangor, Negri Sembilan and Pahang, and the Unfederated States of Johore, Kedah, Perlis, Kelantan and Trengganu. Other British Protectorates in the Archipelago (British North Borneo, Brunei and Sarawak) will be covered in an appendix to the report.

Siam. The report on labor conditions in Siam discloses the fact that there is at present no labor legislation in that country; there are no workers' or employers' organizations and no collective agreements relating to employment. None of the labor conventions or recommendations is yet in force.

The inquiry contains useful information in regard to agriculture and forestry and the steps taken by the Govern-

ment to develop education and foster industry. Statistics are given on the standard of living, level of wages and food prices.

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VI. THE WORKERS' LIVING CONDITIONS

1. *Utilization of Spare Time*[1]

Facilities. A "recommendation concerning the development of facilities for the utilization of workers' spare time" was adopted by the Sixth Session of the Conference. The preamble of this recommendation calls attention to the fact that the principal aim of the hours convention was "to secure for workers, beyond the necessary hours for sleep, an adequate period during which such workers could do as they please." It recognized that the opportunity of workers to use their spare time in "developing freely, according to their individual tastes, their physical, intellectual and moral powers" was of great value from the point of view of the progress of civilization. It was also pointed out that the well-directed use of spare time, "by affording to the worker the means for pursuing more varied interests, and by securing relaxation from the strain placed upon him by his ordinary work, may even increase the productive capacity of the worker and increase his output, and may thus help to obtain a maximum of efficiency from the 8-hour day." It was, therefore, attempted in the recommendation, while giving full weight to the customs of different countries and to local circumstances, to lay down the principles and methods which seem best adapted to secure the best use of periods of spare time.

The recommendation was drawn up by the Conference,

[1] *Report of Director*, 1927, p. 124; 1928, p. 248.

after the customary investigations which consist of a questionnaire circulated to Governments and a report in which the information thus obtained is digested and summarized.[1] The recommendation recorded that it was agreed in countries where hours of work were limited that the benefits to be expected from such restrictions depended in some measure upon the taking of steps "to insure that the workers shall have the undiminished enjoyment of the hours of spare time so secured to them." It was important both that the workers should fully appreciate the value of their spare time, which they "should do their utmost, in all circumstances to prevent . . . from being encroached upon," and also that employers should make every effort at establishing wages which would make it unnecessary for workers to use their spare time for additional hours of paid work. It is recognized that "prohibitions against the continuance of paid work in their own occupation" are difficult to enforce and may seem to infringe the workers' right of using periods of spare time as the worker chooses. Having examined these various phases of the problem, it was seen that the most that could be done was to summarize the experience of states in a recommendation which would draw the attention of Member states to the steps taken in regulating the utilization of spare time by a number of countries. The Conference, therefore, recommended that:

> Governments should encourage and facilitate the conclusion of collective agreements which will insure a normal standard of living to workers in exchange for the legal hours of work, and which will determine, by voluntary agreement between employers and workers, the measures to be taken to prevent workers from having recourse to additional paid work.

The Conference, with a view to affording spare time facilities, recommends:

> (*a*) That each Member, while having due regard to the requirements of different industries, local customs, and the varying ca-

[1] *International Labor Conference, 6th Sess., Questionnaire I, Report I.*

pacities and habits of the different kinds of workers, should consider the means of so arranging the working day as to make the periods of spare time as continuous as possible;

(*b*) That by means of a well-conceived transport system and by affording special facilities in regard to fares and time-tables, workers should be enabled to reduce to the minimum the time spent in traveling between their homes and their work, and that employers' and workers' organizations should be extensively consulted by public transport authorities or private transport undertakings as to the best means of securing such a system.

In order to render spare time more helpful the encouragement of individual hygiene by the provision of public baths, swimming pools, etc., is urged upon the states, and action against the misuse of alcohol, against venereal disease and gambling are recommended. "Healthy dwellings at low rentals in garden cities or urban communities" are contemplated as one of the best means of affording beneficial use of leisure time. The Conference emphasized the importance of taking into account institutions which afford to the workers opportunities for the free exercise of their personal tastes. The lines of interest especially commended are:

(*a*) Those relating to the domestic economy and family life such as the development of gardens, land allotments, poultry keeping, etc., which would enable the worker to combine the benefits of recreation with the feeling of adding to the family resources;

(*b*) The development of physical health and strength by means of games and sports, especially enabling young workers "to give free play to their energies in a manner which encourages initiative and the spirit of emulation;"

(*c*) The extension of technical, domestic and general education through libraries, reading-rooms, lectures, technical and general courses, etc.

States are urged to encourage these activities by assisting organizations concerned with their development. Organizations for these and other purposes within the range of spare-time occupations are deemed to be best established

by the beneficiaries themselves. But, states are urged to assist them, taking care that the individual freedom of the workers is maintained so far as the use of particular institutions is concerned. While maintaining the complete freedom and independence of the beneficiaries, it is foreseen that the public authorities can be of great assistance in coordinating and harmonizing the activities of various institutions. It is deemed advisable that the states undertake "an active and effective propaganda . . . for the purpose of educating opinion in favor of the proper use of the spare time of the workers."

Action communicated: Australia, Belgium, Canada, Finland, France, Great Britain, Germany, India, Irish Free State, Italy, Japan, Norway, Poland, Siam, South Africa, Spain, Sweden, Switzerland.

Selected References

Development of Facilities for the Utilisation of Workers' Leisure.

Documents of the Conference, Questionnaire I. 5th Session of Conference, 1924	$0.15
Documents of the Conference, Report. 5th Session of Conference, 1924	.30
Supplementary Report	.20
Second Supplementary Report	.15

2. *Housing*[1]

In 1889 there was held in Paris the first of a series of International Housing Congresses, the object of which was the improvement of social and sanitary conditions, and the examination of economic and technical problems of housing in the various countries. The series was interrupted by the war and was not resumed until 1928. In 1922, however, it was proposed to convene another Congress at Rome, and the International Labor Office was invited to cooperate in preparations for it. As work of this kind falls within the scope of its functions under Article 396 of the treaty of Versailles, the Office willingly accepted the invitation and with the

[1] *Report of Director*, 1927, p. 252; 1928, p. 126.

resources at its disposal began the compilation of preliminary reports on the housing question in the principal countries. The congress was eventually postponed, but in September, 1923, the secretary of its Permanent Committee requested the Office to publish as soon as possible the material already collected.

In the meantime the matter had been taken up by the International Labor Conference itself. At its Fourth Session a resolution proposed by Mr. Solinas, delegate of the Italian Government, and Mr. d'Aragona, Italian workers' delegate, was adopted on November 2, 1922, as follows:

> Having regard to the fact that the problem of housing is of particular importance, both to the employers and to the workers, as well as to the Governments of States Members of the Permanent Labor Organization, the Conference invites the Governing Body of the International Labor Office to examine the opportuneness of the Office pursuing the studies undertaken on this subject, having recourse, if necessary, to the collaboration of qualified experts.

The Governing Body at its 17th session instructed the Director of the International Labor Office to continue the work which had already been begun in connection with housing.

The Office did not undertake an inquiry in the strict sense of the word, but based its work exclusively on such material as could be collected and examined in the Office. No special service was set up to study housing, but statistics for urban districts have been compiled on housing problems on the basis of both local and national figures.

Reports on European housing policies and the housing situation in the United States were made by the International Labor Office.

Since these reports were published a certain amount of development has taken place. Town planning is coming to the fore now that an active period of construction is anticipated. The necessity for private credit, reform of land laws in case of building properties has become increasingly apparent. Efforts are now being made towards construct-

ing new houses rather than attempting to meet the shortage by allotting houses to as many persons as possible. In most European countries rents are fixed by legislation and have not yet come up to postwar price levels. This makes new construction very expensive and does not induce private enterprises to place money in unremunerative projects.

The housing policy adopted in the majority of countries is based on removal of rent control and resumption of private building as the most suitable means of solving the housing problem.

The question of reducing the cost of building, the development of industrial towns, and greater uniformity in statistical methods for compilation of housing figures were discussed at the first postwar International Housing Congress which was held in Munich, May 21–25, 1928, under the auspices of the German Association of Local Authorities.[1]

The International Labor Office submitted a report on "Methods of Compiling Housing Statistics" which covers figures on dwellings, rents, living conditions, housing market, and fluctuations in housing supply.

The improvements effected since 1924 and the main features in the housing policy of each country are included in this study.

Selected References

The Housing Problem in the United States.
Series G.2. 1925. 52 p. $0.25

European Housing Problems since the War.
Series G.1. 1924. 484 p. 1.50

Hours of Labour and their Effect on Manning and Accommodation.
Documents of the Conference, Report I. 2nd Session of Conference, 1920 75

Methods of Compiling Housing Statistics.
Series N.13. 119 p. 40

[1] *Industrial and Labor Information*, XXVII, p. 305.

3. *Cooperation* [1]

The International Labor Office has not been called upon to act with respect to the very extensive cooperative organizations established by the industrial and agricultural working classes. In connection with the World Economic Conference, the Office prepared a memorandum upon some of these organizations. The Office is examining the part played by cooperative organizations in improving the living conditions of workers. In 1925–26 building and loan associations in the United States loaned more than $2,000,000,000 to a membership of 10,665,705, resulting in the purchase or construction of over 550,000 houses. This movement is comparable in magnitude in Germany, France and Great Britain, and has grown rapidly in other countries. Producers in many countries have organized cooperative sales associations, and in several European countries cooperative wholesale and retail societies have grown to large dimensions, especially in Belgium and Great Britain. The International Labor Office follows closely the operations of the General Union of Russian Cooperative Societies, the Centrosoyus.

The Third Session of the Conference adopted a resolution directing the Office to keep in touch with cooperative organizations, and a section of the *International Labour Directory* gives details respecting some 500 national cooperative organizations in 47 countries. The inclusion of officials of cooperative organizations in the Preparatory Committee for the International Economic Conference was a recognition of the importance of the movement. This was further emphasized by the appointment of the Secretary-General of the International Cooperation Alliance as a member of the World Economic Conference, one of the resolutions of which dealt especially with agricultural cooperative societies.

[1] *Annual Report of the Director*, 1926, p. 487; 1927, p. 237; 1928, p. 253.

Cooperation

The Cooperative Movement in Soviet Russia.
Series H.3. 1925. 362 p. $1.50

The International Labour Organisation and the Cooperative Movement.
Various Publications, 1923. 11 p. 05

Part Played by Cooperative Organisations in the International Trade in Wheat, Dairy Produce, and Some Other Agricultural Products. Geneva, 1926.
46 p. 26½ cm. (C. E. I. 14.) 40

Results of Certain of the Enquiries for Instituting a Comparison between the Retail Prices in Private Trade and those of Distributive Cooperative Societies. Geneva, 1926.
31 p. 26½ cm. (C. E. I. 11.) 30

VII. The Workers' General Rights

1. Industrial Relations [1]

The Office follows with deep interest the movement for establishing closer contact between employers and workers. The expression "industrial relations" has been adopted from American usage and "includes all those labor problems by the investigation of which the welfare of industry can be promoted." The Director annually notes the developments of each year in this extensive field, with special emphasis upon the United States. Since 1927, the Industrial Relations Counselors, Inc., of New York have maintained an official at the Office for liaison purposes. The study of American industry by foreign commissions, notably British, has resulted in an increased interest in scientific management, or rationalization, and the Office is watching this development especially as it brings together the two factors in industrial relations; the management and control of establishments, and productive work.

[1] *Annual Report of the Director*, 1927, p. 231; 1928, p. 256.

Selected References

Industrial Relations in the United States by H. B. Butler.
Series A.27. 1927. 135 p. $0.60
Cloth bound 1.00

The Trade Union Movement in Soviet Russia.
Series A.26. 1927. 287 p. 1.00

Organisation of Industry and Labour Conditions in Soviet Russia.
Series B.11. 1922. 93 p. 50

Scientific Management in Europe, by Paul Devinat.
Series B.17. 1927. 259 p. 1.00

2. *Right of Association*[1]

Agriculture. A "convention (No. 12) concerning the rights of association and combination of agricultural workers," adopted by the Third Session of the Conference on November 12, 1921, entered into force on May 11, 1923. Each ratifying state "undertakes to secure to all those engaged in agriculture the same rights of association and combination as to industrial workers."

Ratification registered: Austria, Belgium, Bulgaria, Chile, Czechoslovakia, Estonia, Finland, Germany, Great Britain, India, Irish Free State, Italy, Latvia, Luxemburg, Netherlands, Poland, Sweden.

Recommended for approval to competent national authority: Argentina, France, Greece, Spain, Uruguay.

Legislation adopted: Austria, Belgium, Bulgaria, Canada, Chile, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, India, Irish Free State, Italy, Latvia, Luxemburg, Netherlands, Norway, Poland, Sweden.

General. The Tenth Session of the Conference, 1927, rejected by 54 votes to 42 a proposed draft questionnaire concerning freedom of association. As it was found impos-

[1] *Annual Report of the Director*, 1927, p. 227; 1928, p. 259.

sible to agree on a text, it was decided by 66 votes to 28 not to place the question on the agenda of the next session of the Conference.

Subsequently, in view of the difficulty experienced in this matter, the Conference unanimously invited the Governing Body to submit proposals for the modification of the double discussion procedure, which was left unchanged.

By 69 votes to 17, the Eleventh Session of the Conference adopted a resolution asking that the Office should continue to study the question of freedom of association with a view to its being placed again on the agenda of a forthcoming session.

SELECTED REFERENCES

Freedom of Association. Comparative Analysis.

Vol. I. Series A.28. 1927. 140 p. Vol. II. Series A.29. 1927. 413 p. $1.75

Documents of the Conference, Preliminary Report. 10th Session of Conference, 1927. 146 p. 50

3. *Collective Agreements* [1]

The Office has begun especially to watch the development of collective agreements between employers and their employees. These give the working class guaranties of order and stability and are frequently forerunners of labor legislation by providing the practical experience on which laws can be based. They are very numerous. In the United States 17,000 of them existed in 1926; in Great Britain the working conditions of 2,400,000 workers were regulated by 1,696 collective agreements as early as 1910; in 1927 there were 2,290 in Italy. Collective agreements are recognized by law in Australia, Austria, Belgium, Czechoslovakia, Denmark, France, Great Britain, Italy, the Netherlands, New Zealand, Norway, Poland, South Africa, Sweden and the Soviet Union.

The Office has gathered a considerable file of collective agreements. This has been used in the preparation of various reports, notably on holidays with pay. The actual texts of the agreements have also been found to

[1] *Annual Report of the Director*, 1926, p. 475; 1928, p. 262.

supplement the formal laws and thus have contributed in many ways to the accuracies of reports by the Office on numerous questions.

Selected References

Methods of Compiling Statistics of Collective Agreements.
Series N.11. 1926. 66 p. $0.30

4. *Arbitration and Conciliation* [1]

The Sixth Session of the Conference in 1924 expressed the wish that the Office should endeavor to examine the methods employed in various countries for settling collective labor disputes. A series of three articles was published on "The Conciliation and Arbitration of Industrial Disputes" in the *International Labour Review.*[2] This international survey showed that the ultimate aim of conciliation and arbitration was good will and that this depended upon full discussion and substantial agreement as to what constitutes a square deal. It is stated that where the attempt has been made to arrive at a square deal by the reference of wage disputes to preagreed principles, the results have been "more than a little remarkable." The Office notes annually the development of conciliation and arbitration throughout the world.

Selected References

Methods of Compiling Statistics of Industrial Disputes.
Series N.10. 1926. 51 p. $0.25

5. *Administration of Labor Law* [3]

From the outset, the Office has published a *Legislative Series* giving the text of every labor law and decree throughout the world. From 1925, it has published an interna-

[1] *Annual Report of the Director*, 1927, p. 232; 1928, p. 264.
[2] Vol. XIV, Nos. 5 and 6, p. 640, 833; Vol. XV, No. 1, p. 78.
[3] *Annual Report of the Director*, 1928, p. 265.

tional survey of legal decisions in labor law. Treaty provisions provide for a special jurisdiction in case of disputes as to the execution of labor conventions, and as a consequence, the Permanent Court of International Justice has a special chamber for labor cases. It is, therefore, natural that the Office includes in its fact-finding duties the constant study of the administration of labor law throughout the world. It follows and records the tendencies in various countries to simplify and expedite procedure in labor cases and to give employers and workers adequate representation on special tribunals, the probiviral councils in Belgium, France, Germany and Italy, the trade tribunals in Germany and the special tribunals in other countries dealing with disputes resulting from social insurance laws. The development of collective agreements and trade unionism have in recent years resulted in the establishment of special labor courts. A German Act, which came into force on July 1, 1927, creates local labor courts, provincial courts and a Federal Labor Court, which is a special division of the Supreme Court.

The Office is preparing to supply an international dictionary on labor law. It has been found that frequent misunderstandings occur because of inaccuracies in translation of terms, and the comparative study of labor laws has been considerably hampered by national bodies on account of the absence of such a publication.

Selected References

Legislative Series.

Annual subscription $8.75
(Bound volume or separate pamphlets.)
Translations and reprints of the texts of the most important laws and regulations adopted in various countries.

International Survey of Legal Decisions of Labour Law.

Annual subscription $2.00
Supplement to *Legislative Series* giving practical application and interpretation of legal decisions. British, German, French and Italian practice is covered in 1927 issue.

6. *Profit-sharing and Participation in Management* [1]

The participation of workers in the management of industrial undertakings has had a widespread development since the World War. In Europe, it takes the form of Works Councils established by law. The object of the Works Councils is to give labor a part in the handling of industrial problems. In another direction more closely connected with individual industries, copartnership arrangements developed in many countries. Usually these take the form of making special provisions for the purchase of stock in the concern by the workers at a reduced price or under special conditions. Many states have laws or decrees upon one or another of these subjects. A later development is that of profit-sharing. This is apparently not practiced outside of Great Britain and the United States. However, like the other phases of the participation of workers in the responsibility for managing industry, it is receiving constant attention from the Office.

In recent years the increasing number of requests for information upon this general subject has made it necessary for the Office to follow action in all parts of the world with care.

SELECTED REFERENCES

Works Councils in Germany. By Marcel Berthelot.
Series B.13. 1924. 140 p. $0.65

7. *Participation in National Affairs* [2]

A growing movement since the war has been the provision of functional representation in governmental affairs. Art. 165 of the German constitution provides for the creation of a National Economic Council. This Council has been called upon to give an opinion on important issues in the national economic life and on social questions in

[1] *Annual Report of the Director*, 1926, p. 479; 1927, p. 233; 1928, p. 266.
[2] *Ibid.*, p. 484; 1927, p. 234; 1928, p. 267.

order that the Government could more certainly meet the wishes of the public in the legislation which it was bringing before the parliament. In 1926, it was reorganized to consist of 144 members of whom 48 represent industry, 48 workers and 48 of other groups. The Council has three main permanent committees; the Industrial, Labor and Financial Committees.

In France, a National Economic Council was set up in 1925 and consists of 150 members, the delegates being divided as follows: Production, 80; distribution, 48; consumption, 22. The 80 delegates for production include 40 representative of labor; the 48 delegates for distribution include 18 representing labor. In Italy, the Supreme Council of National Economy comprises four sections especially qualified in industry, agriculture, commerce and welfare, and labor. Other countries which have been developing somewhat similar systems are Poland, Rumania, Czechoslovakia and the Serb-Croat-Slovene State. The fact that these national councils are established by the Governments has created a considerable interest on the part of other Governments and has resulted in numerous calls upon the Office for information concerning the establishment and operation.

APPENDIX

ARTICLES ESTABLISHING THE INTERNATIONAL LABOR ORGANIZATION[1]

SECTION I

ORGANIZATION OF LABOR

Whereas the League of Nations has for its object the establishment of universal peace, and such a peace can be established only if it is based upon social justice;

And whereas conditions of labor exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperiled; and an improvement of those conditions is urgently required: as, for example, by the regulation of the hours of work, including the establishment of a maximum working day and week, the regulation of the labor supply, the prevention of unemployment, the provision of an adequate living wage, the protection of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of freedom of association, the organization of vocational and technical education and other measures;

Whereas also the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries;

The High Contracting Parties, moved by sentiments of justice and humanity as well as by the desire to secure the permanent peace of the world, agree to the following:

CHAPTER I

Organization

ARTICLE 387 (1)

A permanent organization is hereby established for the promotion of the objects set forth in the Preamble.

The original Members of the League of Nations shall be the original Members of this organization, and hereafter membership of the League of Nations shall carry with it membership of the said organization.

[1] Part XIII, Labor, of the treaty of peace with Germany, Versailles, June 28, 1919.

Article 388 (2)

The permanent organization shall consist of:

(1) a General Conference of Representatives of the Members and,

(2) an International Labor Office controlled by the Governing Body described in Art. 393 (7).

Article 389 (3)

The meetings of the General Conference of Representatives of the Members shall be held from time to time as occasion may require, and at least once in every year. It shall be composed of four Representatives of each of the Members, of whom two shall be Government Delegates and the two others shall be Delegates representing respectively the employers and the workpeople of each of the Members.

Each Delegate may be accompanied by advisers, who shall not exceed two in number for each item on the agenda of the meeting. When questions specially affecting women are to be considered by the Conference, one at least of the advisers should be a woman.

The Members undertake to nominate non-Government Delegates and advisers chosen in agreement with the industrial organizations, if such organizations exist, which are most representative of employers or workpeople, as the case may be, in their respective countries.

Advisers shall not speak except on a request made by the Delegate whom they accompany and by the special authorization of the President of the Conference, and may not vote.

A Delegate may by notice in writing addressed to the President appoint one of his advisers to act as his deputy, and the adviser, while so acting, shall be allowed to speak and vote.

The names of the Delegates and their advisers will be communicated to the International Labor Office by the Government of each of the Members.

The credentials of Delegates and their advisers shall be subject to scrutiny by the Conference, which may, by two-thirds of the votes cast by the Delegates present, refuse to admit any Delegate or adviser whom it deems not to have been nominated in accordance with this article.

Article 390 (4)

Every Delegate shall be entitled to vote individually on all matters which are taken into consideration by the Conference.

If one of the Members fails to nominate one of the non-Government Delegates whom it is entitled to nominate, the other non-Government Delegate shall be allowed to sit and speak at the Conference, but not to vote.

If in accordance with Art. 389 (3) the Conference refuses admission to a Delegate of one of the Members, the provisions of the present article shall apply as if that Delegate had not been nominated.

Article 391 (5)

The meetings of the Conference shall be held at the seat of the League of Nations, or at such other place as may be decided by the Conference at a previous meeting by two-thirds of the votes cast by the Delegates present.

Article 392 (6)

The International Labor Office shall be established at the seat of the League of Nations as part of the organization of the League.

Article 393 (7) [1]

The International Labor Office shall be under the control of a Governing Body consisting of twenty-four persons, appointed in accordance with the following provisions:

The Governing Body of the International Labor Office shall be constituted as follows:

Twelve persons representing the Governments;

Six persons elected by the Delegates to the Conference representing the employers;

Six persons elected by the Delegates to the Conference representing the workers.

Of the twelve persons representing the Governments eight shall be nominated by the Members which are of the chief industrial importance, and four shall be nominated by the Members selected for the purpose by the Government Delegates to the Conference, excluding the Delegates of the eight Members mentioned above.

[1] The Conference on October 18, 1922, adopted the following amendment to Art. 393, which will enter into force when ratified as prescribed in Art. 422:

"The International Labor Office shall be under the control of a Governing Body consisting of 32 persons:

"Sixteen representing Governments,

"Eight representing the Employers, and

"Eight representing the Workers.

"Of the 16 persons representing Governments, eight shall be appointed by the members of chief industrial importance, and eight shall be appointed by the members selected for that purpose by the Government delegates to the Conference excluding the delegates of the eight members mentioned above. Of the 16 members represented six shall be non-European states.

"Any question as to which are the members of chief industrial importance shall be decided by the Council of the League of Nations.

"The persons representing the Employers and the persons representing the Workers shall be elected respectively by the Employers' delegates and the Workers' delegates to the Conference. Two Employers' representatives and two Workers' representatives shall belong to non-European states.

"The period of office of the Governing Body shall be three years.

"The method of filling vacancies and of appointing substitutes, and other similar questions, may be decided by the Governing Body subject to the approval of the Conference.

"The Governing Body shall, from time to time, elect one of its number to act as its Chairman, shall regulate its own procedure, and shall fix its own times of meeting.

Any questions as to which are the Members of the chief industrial importance shall be decided by the Council of the League of Nations.

The period of office of the Members of the Governing Body will be three years. The method of filling vacancies and other similar questions may be determined by the Governing Body subject to the approval of the Conference.

The Governing Body shall, from time to time, elect one of its members to act as its Chairman, shall regulate its own procedure and shall fix its own times of meeting. A special meeting shall be held if a written request to that effect is made by at least ten members of the Governing Body.

Article 394 (8)

There shall be a Director of the International Labor Office, who shall be appointed by the Governing Body, and, subject to the instructions of the Governing Body, shall be responsible for the efficient conduct of the International Labor Office and for such other duties as may be assigned to him.

The Director or his deputy shall attend all meetings of the Governing Body.

Article 395 (9)

The staff of the International Labor Office shall be appointed by the Director, who shall, so far as is possible with due regard to the efficiency of the work of the Office, select persons of different nationalities. A certain number of these persons shall be women.

Article 396 (10)

The functions of the International Labor Office shall include the collection and distribution of information on all subjects relating to the international adjustment of conditions of industrial life and labor, and particularly the examination of subjects which it is proposed to bring before the Conference with a view to the conclusion of international conventions, and the conduct of such special investigations as may be ordered by the Conference.

It will prepare the agenda for the meetings of the Conference.

It will carry out the duties required of it by the provisions of this Part of the present treaty in connection with international disputes.

A special meeting shall be held if a written request to that effect is made by at least 12 of the representatives on the Governing Body." (International Labor Conference, Fourth Session, Vol. I, p. 606.)

Ratification of the amendment may be made in two forms: (1) By direct ratification of the text; (2) by ratification of a protocol containing the text of the amendment, which was opened for signature at Geneva on June 14, 1923, on the proposal of France. Ratification has the same effect by either method, the protocol enabling a state for constitutional convenience to amend the treaty provision by acting upon another treaty.

Forty-two ratifications are required to bring the amendment into force. On July 1, 1928, ratifications deposited numbered 38.

It will edit and publish in French and English, and in such other languages as the Governing Body may think desirable, a periodical paper dealing with problems of industry and employment of international interest.

Generally, in addition to the functions set out in this article, it shall have such other powers and duties as may be assigned to it by the Conference.

Article 397 (11)

The Government Departments of any of the Members which deal with questions of industry and employment may communicate directly with the Director through the Representative of their Government on the Governing Body of the International Labor Office, or failing any such Representative, through such other qualified official as the Government may nominate for the purpose.

Article 398 (12)

The International Labor Office shall be entitled to the assistance of the Secretary-General of the League of Nations in any matter in which it can be given.

Article 399 (13)

Each of the Members will pay the traveling and subsistence expenses of its Delegates and their advisers and of its Representatives attending the meetings of the Conference or Governing Body, as the case may be.

All the other expenses of the International Labor Office and of the meetings of the Conference or Governing Body shall be paid to the Director by the Secretary-General of the League of Nations out of the general funds of the League.

The Director shall be responsible to the Secretary-General of the League for the proper expenditure of all moneys paid to him in pursuance of this article.

Chapter II

Procedure

Article 400 (14)

The agenda for all meetings of the Conference will be settled by the Governing Body, who shall consider any suggestion as to the agenda that may be made by the Government of any of the Members or by any representative organization recognized for the purpose of Art. 389 (3).

Article 401 (15)

The Director shall act as the Secretary of the Conference, and shall transmit the agenda so as to reach the Members four months before the meeting of the Conference, and, through them, the non-Government Delegates when appointed.

Article 402 (16)

Any of the Governments of the Members may formally object to the inclusion of any item or items in the agenda. The grounds for such objection shall be set forth in a reasoned statement addressed to the Director, who shall circulate it to all the Members of the Permanent Organization.

Items to which such objection has been made shall not, however, be excluded from the agenda, if at the Conference a majority of two-thirds of the votes cast by the Delegates present is in favor of considering them.

If the Conference decides (otherwise than under the preceding paragraph) by two-thirds of the votes cast by the Delegates present that any subject shall be considered by the Conference, that subject shall be included in the agenda for the following meeting.

Article 403 (17)

The Conference shall regulate its own procedure, shall elect its own President, and may appoint committees to consider and report on any matter.

Except as otherwise expressly provided in this Part of the present treaty, all matters shall be decided by a simple majority of the votes cast by the Delegates present.

The voting is void unless the total number of votes cast is equal to half the number of the Delegates attending the Conference.

Article 404 (18)

The Conference may add to any committees which it appoints technical experts, who shall be assessors without power to vote.

Article 405 (19)

When the Conference has decided on the adoption of proposals with regard to an item in the agenda, it will rest with the Conference to determine whether these proposals should take the form: (*a*) of a recommendation to be submitted to the Members for consideration with a view to effect being given to it by national legislation or otherwise, or (*b*) of a draft international convention for ratification by the Members.

In either case a majority of two-thirds of the votes cast by the Delegates present shall be necessary on the final vote for the adoption of the recommendation or draft convention, as the case may be, by the Conference.

In framing any recommendation or draft convention of general application the Conference shall have due regard to those countries

in which climatic conditions, the imperfect development of industrial organization or other special circumstances make the industrial conditions substantially different and shall suggest the modifications, if any, which it considers may be required to meet the case of such countries.

A copy of the recommendation or draft convention shall be authenticated by the signature of the President of the Conference and of the Director and shall be deposited with the Secretary-General of the League of Nations. The Secretary-General will communicate a certified copy of the recommendation or draft convention to each of the Members.

Each of the Members undertakes that it will, within the period of one year at most from the closing of the session of the Conference, or if it is impossible owing to exceptional circumstances to do so within the period of one year, then at the earliest practicable moment and in no case later than eighteen months from the closing of the session of the Conference, bring the recommendation or draft convention before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action.

In the case of a recommendation, the Members will inform the Secretary-General of the action taken.

In the case of a draft convention, the Member will, if it obtains the consent of the authority or authorities within whose competence the matter lies, communicate the formal ratification of the convention to the Secretary-General and will take such action as may be necessary to make effective the provisions of such convention.

If on a recommendation no legislative or other action is taken to make a recommendation effective, or if the draft convention fails to obtain the consent of the authority or authorities within whose competence the matter lies, no further obligation shall rest upon the Member.

In the case of a federal state, the power of which to enter into conventions on labor matters is subject to limitations, it shall be in the discretion of that Government to treat a draft convention to which such limitations apply as a recommendation only, and the provisions of this article with respect to recommendations shall apply in such case.

The above article shall be interpreted in accordance with the following principle:

In no case shall any Member be asked or required, as a result of the adoption of any recommendation or draft convention by the Conference, to lessen the protection afforded by its existing legislation to the workers concerned.

Article 406 (20)

Any convention so ratified shall be registered by the Secretary-General of the League of Nations, but shall only be binding upon the Members which ratify it.

Article 407 (21)

If any convention coming before the Conference for final consideration fails to secure the support of two-thirds of the votes cast by the Delegates present, it shall nevertheless be within the right of any of the Members of the Permanent Organization to agree to such convention among themselves.

Any convention so agreed to shall be communicated by the Governments concerned to the Secretary-General of the League of Nations, who shall register it.

Article 408 (22)

Each of the Members agrees to make an annual report to the International Labor Office on the measures which it has taken to give effect to the provisions of conventions to which it is a party. These reports shall be made in such form and shall contain such particulars as the Governing Body may request. The Director shall lay a summary of these reports before the next meeting of the Conference.

Article 409 (23)

In the event of any representation being made to the International Labor Office by an industrial association of employers or of workers that any of the Members has failed to secure in any respect the effective observance within its jurisdiction of any convention to which it is a party, the Governing Body may communicate this representation to the Government against which it is made and may invite that Government to make such statement on the subject as it may think fit.

Article 410 (24)

If no statement is received within a reasonable time from the Government in question, or if the statement when received is not deemed to be satisfactory by the Governing Body, the latter shall have the right to publish the representation and the statement, if any, made in reply to it.

Article 411 (25)

Any of the Members shall have the right to file a complaint with the International Labor Office if it is not satisfied that any other Member is securing the effective observance of any convention which both have ratified in accordance with the foregoing articles.

The Governing Body may, if it thinks fit, before referring such a complaint to a Commission of Inquiry, as hereinafter provided for, communicate with the Government in question in the manner described in Art. 409 (23).

If the Governing Body does not think it necessary to communicate the complaint to the Government in question, or if, when they have

made such communication, no statement in reply has been received within a reasonable time which the Governing Body considers to be satisfactory, the Governing Body may apply for the appointment of a Commission of Inquiry to consider the complaint and to report thereon.

The Governing Body may adopt the same procedure either of its own motion or on receipt of a complaint from a Delegate to the Conference.

When any matter arising out of Arts. 410 (24) or 411 (25) is being considered by the Governing Body, the Government in question shall, if not already represented thereon, be entitled to send a representative to take part in the proceedings of the Governing Body while the matter is under consideration. Adequate notice of the date on which the matter will be considered shall be given to the Government in question.

Article 412 (26)

The Commission of Inquiry shall be constituted in accordance with the following provisions:

Each of the Members agrees to nominate within six months of the date on which the present treaty comes into force three persons of industrial experience, of whom one shall be a representative of employers, one a representative of workers, and one a person of independent standing, who shall together form a panel from which the Members of the Commission of Inquiry shall be drawn.

The qualifications of the persons so nominated shall be subject to scrutiny by the Governing Body, which may by two-thirds of the votes cast by the representatives present refuse to accept the nomination of any person whose qualifications do not in its opinion comply with the requirements of the present article.

Upon the application of the Governing Body, the Secretary-General of the League of Nations shall nominate three persons, one from each section of this panel, to constitute the Commission of Inquiry, and shall designate one of them as the President of the Commission. None of these three persons shall be a person nominated to the panel by any Member directly concerned in the complaint.

Article 413 (27)

The Members agree that, in the event of the reference of a complaint to a Commission of Inquiry under Art. 411 (25) they will each, whether directly concerned in the complaint or not, place at the disposal of the commission all the information in their possession which bears upon the subject-matter of the complaint.

Article 414 (28)

When the Commission of Inquiry has fully considered the complaint, it shall prepare a report embodying its findings on all questions of fact

relevant to determining the issue between the parties and containing such recommendations as it may think proper as to the steps which should be taken to meet the complaint and the time within which they should be taken.

It shall also indicate in this report the measures, if any, of an economic character against a defaulting Government which it considers to be appropriate, and which it considers other Governments would be justified in adopting.

Article 415 (29)

The Secretary-General of the League of Nations shall communicate the report of the Commission of Inquiry to each of the Governments concerned in the complaint, and shall cause it to be published.

Each of these Governments shall within one month inform the Secretary-General of the League of Nations whether or not it accepts the recommendations contained in the report of the commission; and if not, whether it proposes to refer the complaint to the Permanent Court of International Justice of the League of Nations.

Article 416 (30)

In the event of any Member failing to take the action required by Art. 405 (19) with regard to a recommendation or draft convention, any other Member shall be entitled to refer the matter to the Permanent Court of International Justice.

Article 417 (31)

The decision of the Permanent Court of International Justice in regard to a complaint or matter which has been referred to it in pursuance of Art. 415 (29) or Art. 416 (30) shall be final.

Article 418 (32)

The Permanent Court of International Justice may affirm, vary or reverse any of the findings or recommendations of the Commission of Inquiry, if any, and shall in its decision indicate the measures, if any, of an economic character which it considers to be appropriate, and which other Governments would be justified in adopting against a defaulting Government.

Article 419 (33)

In the event of any Member failing to carry out within the time specified the recommendations, if any, contained in the report of the Commission of Inquiry, or in the decision of the Permanent Court of International Justice, as the case may be, any other Member may take against that Member the measures of an economic character indicated in the report of the Commission or in the decision of the Court as appropriate in the case.

Article 420 (34)

The defaulting Government may at any time inform the Governing Body that it has taken the steps necessary to comply with the recommendations of the Commission of Inquiry or with those in the decision of the Permanent Court of International Justice, as the case may be, and may request it to apply to the Secretary-General of the League to constitute a Commission of Inquiry to verify its contention. In this case the provisions of Arts. 412 (26), 413 (27), 414 (28), 415 (29), 417 (31) and 418 (32) shall apply, and if the report of the Commission of Inquiry or the decision of the Permanent Court of International Justice is in favor of the defaulting Government, the other Governments shall forthwith discontinue the measures of an economic character that they have taken against the defaulting Government.

Chapter III

General

Article 421 (35)

The Members engage to apply conventions which they have ratified in accordance with the provisions of this Part of the present treaty to their colonies, protectorates and possessions which are not fully self-governing:

(1) Except where owing to the local conditions the convention is inapplicable, or

(2) Subject to such modifications as may be necessary to adapt the convention to local conditions.

And each of the Members shall notify to the International Labor Office the action taken in respect of each of its colonies, protectorates and possessions which are not fully self-governing.

Article 422 (36)

Amendments to this Part of the present treaty which are adopted by the Conference by a majority of two-thirds of the votes cast by the Delegates present shall take effect when ratified by the states whose representatives compose the Council of the League of Nations and by three-fourths of the Members.

Article 423 (37)

Any question or dispute relating to the interpretation of this Part of the present treaty or of any subsequent convention concluded by the Members in pursuance of the provisions of this Part of the present treaty shall be referred for decision to the Permanent Court of International Justice.

Chapter IV

Transitory Provisions

Article 424 (38)

The first meeting of the Conference shall take place in October, 1919. The place and agenda for this meeting shall be as specified in the Annex hereto.

Arrangements for the convening and the organization of the first meeting of the Conference will be made by the Government designated for the purpose in the said Annex. That Government shall be assisted in the preparation of the documents for submission to the Conference by an International Committee constituted as provided in the said Annex.

The expenses of the first meeting and of all subsequent meetings held before the League of Nations has been able to establish a general fund, other than the expenses of Delegates and their advisers, will be borne by the Members in accordance with the apportionment of the expenses of the International Bureau of the Universal Postal Union.

Article 425 (39)

Until the League of Nations has been constituted all communications which under the provisions of the foregoing articles should be addressed to the Secretary-General of the League will be preserved by the Director of the International Labor Office, who will transmit them to the Secretary-General of the League.

Article 426 (40)

Pending the creation of a Permanent Court of International Justice disputes which in accordance with this Part of the present treaty would be submitted to it for decision will be referred to a tribunal of three persons appointed by the Council of the League of Nations.

ANNEX

First Meeting of Annual Labor Conference, 1919

The place of meeting will be Washington.

The Government of the United States of America is requested to convene the Conference.

The International Organizing Committee will consist of seven Members, appointed by the United States of America, Great Britain, France, Italy, Japan, Belgium and Switzerland. The committee may, if it thinks necessary, invite other Members to appoint representatives.

Agenda:

(1) Application of principle of the 8-hours day or of the 48-hours week.

(2) Question of preventing or providing against unemployment.

(3) Women's employment:

(*a*) Before and after child-birth, including the question of maternity benefit:

(*b*) During the night;

(*c*) In unhealthy processes.

(4) Employment of children:

(*a*) Minimum age of employment;

(*b*) During the night;

(*c*) In unhealthy processes.

(5) Extension and application of the international conventions adopted at Bern in 1906 on the prohibition of night work for women employed in industry and the prohibition of the use of white phosphorus in the manufacture of matches.

SECTION II

GENERAL PRINCIPLES

Article 427 (41)

The High Contracting Parties, recognizing that the well-being, physical, moral and intellectual, of industrial wage-earners is of supreme international importance, have framed, in order to further this great end, the permanent machinery provided for in Section I and associated with that of the League of Nations.

They recognize that differences of climate, habits and customs, of economic opportunity and industrial tradition, make strict uniformity in the conditions of labor difficult of immediate attainment. But, holding as they do, that labor should not be regarded merely as an article of commerce, they think that there are methods and principles for regulating labor conditions which all industrial communities should endeavor to apply, so far as their special circumstances will permit.

Among these methods and principles, the following seem to the High Contracting Parties to be of special and urgent importance:

First. — The guiding principle above enunciated that labor should not be regarded merely as a commodity or article of commerce.

Second. — The right of association for all lawful purposes by the employed as well as by the employers.

Third. — The payment to the employed of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country.

Fourth. — The adoption of an eight hours' day or a forty-eight hours' week as the standard to be aimed at where it has not already been attained.

Fifth. — The adoption of a weekly rest of at least twenty-four hours, which should include Sunday wherever practicable.

Sixth. — The abolition of child labor and the imposition of such limitations on the labor of young persons as shall permit the continuation of their education and assure their proper physical development.

Seventh. — The principle that men and women should receive equal remuneration for work of equal value.

Eighth. — The standard set by law in each country with respect to the conditions of labor should have due regard to the equitable economic treatment of all workers lawfully resident therein.

Ninth. — Each state should make provision for a system of inspection in which women should take part, in order to insure the enforcement of the laws and regulations for the protection of the employed.

Without claiming that these methods and principles are either complete or final, the High Contracting Parties are of opinion that they are well fitted to guide the policy of the League of Nations; and that, if adopted by the industrial communities who are Members of the League, and safeguarded in practice by an adequate system of such inspection, they will confer lasting benefits upon the wage-earners of the world.

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INVESTMENTS OF UNITED STATES CAPITAL IN LATIN AMERICA

By DR. MAX WINKLER

Author of "America, The World's Banker" and "The Investor and League Loans"

A study of financial and economic interrelations between the investing public in this country and the industrial development of Central and South America, by an outstanding analyst of international finance.

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INVESTMENTS
OF
UNITED STATES CAPITAL
IN
LATIN AMERICA

By MAX WINKLER, Ph.D.

WORLD PEACE FOUNDATION PAMPHLETS
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Boston, Massachusetts

FOREWORD

The illuminating presentation of the investment of capital from the United States in Latin America made by Dr. Winkler is the first detailed presentation of a subject of far reaching importance to our relations with the Republics to the south. Even the casual observer must be impressed with the significance of the rapidly growing investment of capital from the United States in Latin America. This growth involves international problems of real magnitude both at the present and in the future.

We have advanced from the period of adventure to the period of permanent investment in our relations with the nations of Latin America, and this change has brought with it important developments both in the character of the investments and in the personnel of those representing the corporate enterprises of the United States. During the last twenty-five years the corporations operating in Latin America have come to realize, as never before, that national good will is an important factor in the success of their undertakings. The new spirit pervading the large United States enterprises in Latin America is evident in the improved housing conditions and higher wages enjoyed by the employees of these corporations. They are providing improved educational and recreational facilities for their employees and setting a standard which is making these industries welcome guests in the countries in which they operate.

This asset of national good will, which is now being systematically developed, will, no doubt, contribute much toward the solution of some of the problems which will undoubtedly present themselves by reason of the fact that most of the great public utilities in Latin America are foreign enterprises, and to an increasing extent of enterprises organized and financed in the United States.

Dr. Winkler's admirable study will serve to enlighten the public opinion of this country relative to the significant and commanding position which the corporations of this country have assumed in the great enterprises in Latin America.

LEO S. ROWE,
Director General of the Pan American Union.

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INVESTMENTS
OF
UNITED STATES CAPITAL
IN
LATIN AMERICA[1]

By Max Winkler, Ph.D.

I. INVESTMENTS IN LATIN AMERICA

In connection with the good will tour to Latin America by President-elect Hoover, the *New York Times* on November 25, 1928, made the following statement regarding the growth and increase of American investments in Latin American countries:

The United States has $5 invested in Latin America and islands of the Caribbean for every $4 invested in Europe. Before the World War, our investments in the South were a little more than $1,000,000,000. To-day, they are over $5,000,000,000. A contrast of the current trade figures and those for 1912 shows that for every American dollar planted in the territory south of Panama in 1912, there are ten growing there to-day.

Our investments in Venezuela alone are as great as were our holdings in the entire continent of South America 16 years ago.

The grand total for United States financial holdings south of the Rio Grande, including the Caribbean republics, is now approximately $4,900,000,000. Including Porto Rico, Jamaica and other dependencies, the total is above $5,000,000,000. It was only one-fourth this amount in 1912, $1,248,000,000. In Cuba, Amer-

[1] Additions and rearrangements have been made to Dr. Winkler's manuscript in preparing it for publication. — D. P. M.

ican holdings have jumped 536% and in South America just under 1,000% for the same period of 16 years.

In order to obtain a clearer conception of the situation obtaining in the various Latin American republics, formerly secretary of commerce and then President-elect Hoover in the fall of 1928 entered upon a tour through a number of Latin American states. Mr. Hoover's mission — to use his own words — was "for other purposes than recreation or to receive the personal satisfaction of travel." In his address at Lima, capital of the Republic of Peru, Mr. Hoover stated:[1]

> I have had the hope and the aspiration that I could serve in some way to further reinforce the structure of peace and friendship, the unity of ideals which have remained unbroken since the birth of our republic. I have thought that I could better prepare myself for the task by a widened knowledge of the men and problems of our sister republics.

Lasting friendship between nations as well as between individuals does not seem possible without a thorough acquaintance with and full knowledge of each other. For that reason the United States welcomed the conference at Habana and earlier Pan American gatherings, where the nations of the American continents assembled to discuss the various problems which vitally affect the entire American world. It was for that reason that Mr. Hoover on his mission sought to convince our southern neighbors that the United States is not the "imperialistic" government which our southern neighbors sometimes hold it to be.

If we take into consideration the fact that at the present time the United States produces 15% more than its population can consume, and that the scale of production increases every year, it would appear necessary to create foreign markets for the surplus production. The American manufacturer steadily gives more attention to the condi-

[1] *Addresses delivered during the Visit of Herbert Hoover . . . to Central and South America . . .* p. 21 (Washington, Pan American Union, 1929).

tions of foreign trade. According to a statement by the National Foreign Trade Council, "American foreign traders have learned how to supply the Latin Americans most intelligently, how to pack, ship, handle the complicated elements of style requirements, business forms, local advertising, credit arrangements and financing."

The following statistics give an idea of the percentage of the total imports into the Latin American countries, which come from the United States:

PERCENTAGE OF IMPORTS FROM UNITED STATES[1]

	1913	1926
Argentina	14.71	25.50
Bolivia	7.40	28.80
Brazil	15.71	29.20
Chile	16.70	32.60
Colombia	28.30	48.70
Ecuador	31.88	42.40
Paraguay	6.00	15.40
Peru	28.80	46.20
Uruguay	12.70	29.10
Venezuela	38.50	55.40
Costa Rica	51.44	55.73
Guatemala	50.60	54.10
Honduras	67.30	82.00
Nicaragua	56.22	69.40
Salvador	39.50	67.50
Panama	54.23	61.40
Cuba	53.70	61.40
Haiti	72.95	74.50
Mexico	50.60	70.50
Dominican Republic	62.22	60.70

The United States and Great Britain have been the countries most actively engaged in commerce with Latin America and they are at the present time the countries whose nationals have invested most extensively in that

[1] Data from League of Nations *Memorandum on International Trade and Balance of Payments*, 1912–1926, Vol. II (1927. II. 68).

part of the world. Statistics of United States trade and investments in 1913 and 1929 are given in the following pages, being supplemented by corresponding tables for Great Britain. Tables showing the growth of both investments and trade in that period for each country are added for information and comparison.

It will be noted from Table I (p. 274 [1030]) that of the total trade of Latin American countries during the last pre-war year, aggregating $3,000,584,000, the trade with the United States represented more than 27% of the total.

With respect to South American trade, the United States accounted for approximately 16.5%. In point of imports from the United States, Argentina headed the list with $72,458,000. Brazil was second, followed by Chile, Peru, Venezuela, Colombia, Uruguay, Ecuador and Bolivia. Our exports to Paraguay were only about $480,000.

With respect to exports to the United States, Brazil ranked first with $101,803,000. Chile was a distant second with $30,413,000. Argentina ranked third with $24,402,-000, followed by Colombia, Peru, Venezuela, Ecuador and Uruguay. Our imports from Bolivia and Paraguay were insignificant, amounting to only $218,000 and $11,000 respectively.

Our position in regard to the foreign commerce of the remaining ten Latin American republics was considerably more pronounced, the trade with the United States accounting for more than 63% of the total. Of Mexico's total imports of $97,495,000, we furnished $48,449,000; while of Cuba's purchases of $140,133,000, we supplied almost 54%. The percentages were materially higher with respect to other countries.

It is also worth mentioning that the United States held first place in point of exports to Colombia, Cuba, Mexico, Peru and most of the Central American republics. As regards the A B C nations, that is, Argentina, Brazil and Chile, we held third place. As regards exports to the United States, Brazil found us its best customer. In Argentina, we ranked sixth and in Chile third. In the

majority of the remaining countries, we occupied first place.

Trade with Latin America, in the last prewar year, showed a rather marked balance in favor of our southern friends, which might perhaps be taken as an indication that the United States was a logical place for accommodating the financial requirements of our southern neighbors. Among the South American countries, only Argentina, Uruguay, Bolivia and Paraguay reported a balance of trade in favor of the United States. It is, therefore, not unreasonable to ascribe the lack of Argentine or Uruguayan loans in the American market to that circumstance, notwithstanding that our foreign investments in general were at that time rather small. Trade with Mexico and Cuba, on the other hand, was decidedly against us, and the relatively large prewar investments in Mexico and Cuba may be connected with the fact that those nations enjoyed a large favorable or "active" trade balance with the United States.

United States investments in Latin America amounted, prior to the war, to about $1,242,000,000, of which Cuba and Mexico alone accounted for $1,020,000,000, or 82.06% of the total. Investments of American money and the balance of trade (imports and exports only) in 1913 are set forth in Table II (p. 275 [1031]) and Table XI (p. 284 [1040]).

Trade between the United States and South America in 1913 showed a balance in favor of the latter to the extent of $24,262,000, equivalent to 13.94% on American capital invested in the various South American republics. The balance of trade with the remaining Latin American countries was against the United States to the amount of $115,874,000, equivalent to 10.7% of aggregate investments in these countries. The trade balance with the whole of Latin America was against the United States to the extent of $140,136,000, equivalent to 11.15% of total United States investments in Latin America. It would, therefore, seem that prior to the war one of the incentives for the placement of Latin American loans in our markets

and for the investment of American capital in the Latin American republics was to be found in the balance of trade running against the United States (see Table III, p. 276 [1032]).

In 1927, Latin American trade aggregated $5,139,187,000 as compared with $3,000,584,000 prior to the war, an advance of more than 71%. The growth does not appear especially impressive, particularly if we take into consideration present values compared with those obtaining prior to the cataclysm, the rise being roughly 140%. Imports have risen about 82% over prewar figures, while exports show a gain of more than 78%. The accompanying table presents in detail the changes which have taken place in the commerce of Latin American countries and in United States trade with our Southern neighbors during 15 years (see Table IV, p. 277 [1033]).

It will be noted that the increase of United States trade with Latin America has been much more impressive than the increase of total trade of the Latin American republics, amounting to 118.32%, as compared with a gain of only 71.28% for Latin America. With regard to South America, the gain registered by the United States is even more pronounced, totaling 160.04%, as compared with a trade increase of 65.38% for the ten South American republics combined. On the other hand, the remaining ten Latin American countries showed an increase of 91.1%, as compared with a gain of only 81.82% shown in the share of the United States. The commercial gains registered by the United States in some Latin American countries are relatively small and the gains shown by many of the countries themselves are below the average. If the dictum that "trade follows the dollar" is at all dependable, the increase in United States trade should have been somewhat more proportionate to the increase in investments in Latin America.

The presentation of the statistics showing the trade balance and the flow of investments between two countries affords, perhaps, an interesting comparison rather

than demonstrates a necessary relationship. In the case of Latin American states, the flow of investment from the United States is due in some instances to specific activities rather than general conditions. Venezuela, with an unfavorable trade balance with the United States, is receiving heavy investments in oil exploitation. United States public utilities are very active in Argentina and Brazil. Argentina's trade balance is unfavorable with the United States and Brazil's favorable. There is probably a real relation between the flow of investment to a country and its total balance of payments; in the case of the Latin American countries, the United States and British statistics include for the most part the largest proportion of both.

United States investments in Latin America amounted, at the beginning of 1929, to the rather impressive total of $5,587,494,100. The distribution of this amount is presented in Table V (p. 278 [1034]).

It will be noted that the balance of United States trade in 1927 and 1928 was favorable to the group of South American countries and that the balance increased from one year to the other in their favor, rising from $54,635,000 to $79,400,000. As between the two years Venezuela acquired a favorable balance as a result of increased export of petroleum to the United States. As regards the other 10 countries, the balance was favorable in both 1927 and 1928, but fell very sharply as a result of decreased exports from both Cuba and Mexico to the United States. The total balance of trade favorable to Latin America with respect to the United States decreased from $127,888,000 in 1927 to $106,900,000 in 1928.

Table VI (p. 279 [1035]) reveals that, of the total Latin American commerce during the last prewar year, amounting to $3,000,584,000, trade with Great Britain aggregated $678,130,000, or 22.6%.

As regards South American trade, Great Britain accounted for 25.73%, as compared with only about 16.5% for the United States. In point of exports to Great Britain,

Argentina headed the list with $128,293,000, followed by Chile with $55,548,000. Brazil ranked third, followed by Bolivia, Peru, Uruguay, Colombia, Venezuela and Ecuador. Paraguay's sales in Great Britain were nominal, aggregating less than $1,000. With respect to imports from Great Britain, Argentina also occupied first place with $152,883,000. Brazil was a distant second with $79,289,000. Chile ranked third with $36,109,000, followed by Uruguay, Peru, Colombia, Bolivia, Venezuela, Paraguay and Ecuador.

The position of Great Britain in regard to the foreign commerce of the remaining ten Latin American republics was rather insignificant, amounting to slightly over 12% of the total, as compared with more than 63% for the United States. These percentages are interesting in connection with the fact that British investments in those countries in 1913 exceeded those of the United States. Here, at least, is one case where trade did not follow the pound sterling, although it appears somewhat to have trailed the dollar. Cuba ranked first in regard to exports to Great Britain, with $18,421,000. Mexico was a close second with $15,234,000. Costa Rica held third place with $4,317,000, followed by Guatemala with $1,600,000. Exports to Great Britain by the remaining countries were nominal, varying from $57,000 in the case of Honduras to less than a million in the case of Nicaragua. In regard to imports from Great Britain, the figures were similar.

Latin America's trade with Great Britain in 1913 showed a balance (Table VII, p. 280 [1036] and Table XII, p. 285 [1041]) against Latin America to the extent of $18,018,000, equivalent to less than one-third of 1% of Great Britain's total investments in these countries. The corresponding balance in the commerce with the United States was in their favor to the extent of $140,136,000, or 11.15% on America's total Latin American investments. The center of investment gravity shifted from London and the rôle of New York as Latin America's banker steadily increased.

In 1927, Latin American commerce totaled $5,139,187,-

000, as compared with $3,000,584,000 in 1913, a gain of 71.28%. Great Britain's trade (Tables VIII and IX, p. 281 [1037], 282 [1038]) with the 20 Latin American republics under review showed a gain of slightly more than 26%, as compared with a gain in United States trade with our southern neighbors of 118.32%.[1] At the same time, United States investments showed an increase of 349%, against a gain registered by Great Britain's investments of only about 18%.

As regards the 1927 trade of South American countries with Great Britain, the balance is unfavorable to them only in the case of Brazil, Ecuador, Paraguay, Uruguay and Venezuela. The total (Table X, p. 283 [1039]) shows a balance favorable to South America amounting to $61,895,000; in the case of the remaining ten republics, the balance is favorable to the extent of $43,453,000; while in the case of all Latin America its favorable balance amounted in 1927 to $105,348,000.

[1] The corresponding percentages of the Department of Commerce are 26.55% and 135.5% respectively; see *United States Trade with Latin America in 1927*, p. 9 (Trade Promotion Series No. 71).

II. LATIN AMERICAN ECONOMIC LIFE[1]

The Spaniards found a well developed economic life among the Indian tribes in many parts of the Americas at the end of the 15th century. They regarded the territories which they found as sources of wealth, and some idea of the economic conceptions which were impressed upon Central and South America is a desirable prelude to the closer examination of the economic life which the Latin American countries have separately and independently developed.

The famous and infamous economic and fiscal tyranny of Spain over its possessions in the new world can only be referred to, but it left an impress upon the mixed population that suffered it, from which their descendants have only recently shown signs of recovery. "Absolutism in government, monopoly in matters of commerce and finance, intolerance in questions of dogma and morality, tutelage and rigorous isolation; these were the foundations of Spanish colonization."[2]

After the power of Spain over South America had been well established, Emperor Charles V promulgated laws with a view to insuring better treatment of the Indians and their preservation. A man who dedicated his entire life to Indian policy, Fray Bartolomé de Las Casas, was the author of the new laws for the Indians.[3] Colonial policy was a matter of dispute between those who advocated a more enlightened policy of conciliation, education and development, and those who thought that the only successful way to colonize was to subjugate the native population by force. The idea that colonization is equivalent to the creation of new markets, to the winning of

[1] See Table XIII, p. 286 [1042].

[2] F. García Calderón, *Latin America: Its Rise and Progress*, p. 51.

[3] L. A. Dutto, *The Life of Bartolomé de Las Casas* (1902).

millions of potential buyers for the products of the mother-land, had its origin among the earlier conquerors of America. But the protest against the new laws was so great that Charles V had to abrogate them in 1545.

The Roman Catholic Church early concerned itself with the well-being of the natives, and the influence of the missions was of great importance in the development of the Latin American countries. In 1546, an ecclesiastical council in Mexico City dealt with the relations between the Spaniards and the Indians. Bartolomé de Las Casas, then bishop of Chiapas, came to this council and his personality won a great success for the Indian cause. Not only the Church, but also the *procuradores* (lawyers) in Madrid, who represented each a certain city or province of the new world at the Court, supported a more conciliatory policy toward the Indian population. Thus, after the first years of conquest by military force, mitigating influences were introduced in the treatment of the new colonies, and these changes certainly did more for the development of the new states than all the military expeditions.

The Mercantile Economic System

The Spanish colonies were considered only as a great asset for the treasury of the mother country, and all sorts of measures and regulations were resorted to with a view to creating a favorable balance of trade for the mother country. Mercantilism was the current economic doctrine, and the wealth of Spain and Portugal — a wealth due to the great influx of gold and silver from the new colonies — was an incentive for countries like Holland and England to follow Spain in colonial expansion. It is therefore not surprising to read of the passage of laws forbidding direct trade between New Spain and China, in order to force the merchants to bring their merchandise to the home market. The English Navigation Act of 1651 affords an even clearer example of the same policy.

The Count of Monterey, viceroy of New Spain, wrote to the King of Spain of the complaints of the merchants of Peru, that trade between New Spain and the Philippine Islands was detrimental to their dealing with Spain directly. They alleged that, as a consequence of this trade, large amounts of money were being sent to the Philippine Islands. By a royal decree regulating commerce with New Spain, many rules and regulations were made for a better control of the trade of New Spain with countries other than Spain itself. By a decree of August 19, 1606, a way station was opened on the California coast for merchant vessels going to the Philippine Islands. A codification was completed in 1681 of the different laws, royal decrees and regulations concerning commerce with the Philippine Islands, China, New Spain and Peru. The compilation affords numerous examples of the mercantilistic measures taken at that time:

Law V: We ordain and order that there shall be no permission to trade or traffic between Peru, Tierra Firme, Guatemala, or any other parts of the Indies, and China, or the Philippine Islands, even though it be by license of the viceroys, *audiencias*, governors or magistrates, under penalty of confiscation of the merchandise that shall be shipped.

The masters and pilots shall also incur the confiscation of all their property, and ten years in the galleys.

Law LXVIII: We declare and order that the Chinese merchandise and articles which have been and shall be shipped from Filipinas to Nueva España can and shall be consumed there only, or shipped to these Kingdoms after paying the duties. They can not be taken to Peru, Tierra Firme, or any other part of the Indies, under penalty of confiscation of all those found and apprehended in the possession of any person whatever, and shall be applied to our exchequer, the judge, and the denouncer.

Law XV: From Nueva España to Filipinas, only two vessels can sail annually, up to 300 *toneladas*' burden. In them shall be carried the reinforcements of men and supplies, and they shall bear a permit. For this purpose, there shall be three ships, one of which shall remain in readiness at the port of Acapulco, while the other two make the voyage.

A restriction of personal freedom and a control of immigration in those days can be found in a law of February 20, 1596, given at Madrid by Felipe II:

The viceroys, presidents and auditors and all other officers of justice shall make efforts to find all those who shall have been sent to Filipinas to reside during the time of their obligation, who have remained in Nueva España and other parts of their jurisdiction, and shall force them with all rigor to go to reside in those islands, proceeding against their persons and properties and executing the penalties that they shall have incurred. The fiscals of our Audiencia in Manila shall plead what is advisable in regard to the aforesaid.

Law XXIX: Inasmuch as the majority of those going annually from Nueva España to Filipinas do not stop there, but return immediately, after investing their money; therefore, we order the Viceroy of Nueva España to permit no one to go to Filipinas, unless he give bonds that he will become a citizen and live there for more than eight years, or unless he be sent as a soldier to the governor. On those who violate this, and their bondsmen, shall be executed the penalties that they incur, without pardon.

Law LXX is more an example of a criminal law:

If any quantity whatever of Chinese stuffs be found in any boat sailing from Nueva España to Peru, or in the opposite direction, the inspector, royal officials and the other persons who take part in the register and inspection shall be considered as perpetrators and offenders in this crime; so that, taking example from them, others may abstain from similar transgressions. The captains, masters, boatswains and other officers whose duties extend to the management of vessels, shall also be considered as offenders and accomplices.

Law IX: We declare that in the 500,000 pesos granted by permission to be sent from Nueva España to Filipinas, must and shall be entered the amounts of legacies, bequests and charities, with the wrought silver and all other things carried thither; and nothing shall be reserved, except the pay of the sailors.[1]

We may admit that a system of free trade was not favored in those days, and one wonders that merchants were able to make any profit under such rigid regulations.

[1] Bills and decrees for the Government of the Indies. Archivo Nacional, Madrid.

Not only were shipping and commerce regulated, but the whole colonization system of the new Spanish colonies was laid down in laws and royal decrees. We find, for example, laws regulating the laying out of new towns along certain fixed plans:

Ordinance 119 provides that "if the town lies on the coast, its main church shall be so situated that it may be visible from the landing place and so built that its structure serve as a means of defense for the port itself."

According to ordinance 134, "settlers are to endeavor, as far as possible, to make all structures uniform, for the sake of the beauty of the town." By virtue of ordinance 137, "when the new town is being built, the settlers, as far as possible, shall try to avoid communication and intercourse with the Indians and are not allowed to go to their villages, or amuse themselves, or disperse themselves over the country."

A very efficient control of officials enabling the central authorities in Spain to form an exact idea of what was going on in the colonies was the system of visitation by special "visitadores" equipped with special commissions from Madrid. In an instruction to José de Galvez, the king assigns him the following duties:

In Vera Cruz you will inform yourself in minute detail what custom houses there are for the examination of goods which come in single ships.

You will examine the income of each branch, and ascertain whether it corresponds to the impost.

It being impossible for you to examine personally the management of all the revenues throughout the vast regions which lie within your commission, I grant you authority to name visitors who, as your substitutes under the orders, rules and instructions which you may give them, shall examine the condition and management of the revenues in the various localities to which you may send them.[1]

[1] El Pardo, March 14, 1765. Herbert Ingram Priestley, *José de Galvez, Visitor-General of New Spain*, 1765–1771; Nels A. N. Cleven, *Readings in Hispanic American History*.

In Spain commerce was more or less considered as a disgrace for a noble family. At Lima the opposite was true, due to the fact that almost all the larger fortunes were made in commerce, and idleness was regarded as dishonorable. A royal decree declared that engaging in commerce in the Indies did not bar one from nobility or high military rank. Thus, it was easy for certain members of the Spanish nobility to keep up their standing in Spain, despite the lack of sufficient means, by emigrating to New Spain, where they could acquire a fortune in profitable commercial occupations without losing caste.[1]

Independence and Economic Contacts

The American movement for independence from Spain started in Venezuela, where a provincial congress approved a Declaration of Independence on July 7, 1811. The stirrings of revolution had preceded this overt act by several years and *juntas* in the Argentine and elsewhere [2] as early as 1808 had begun agitations, which broke out into actual disturbances at Buenos Aires in 1809 and 1810. The struggle against Spain in Latin America was of a ferocious and furious character. One of the Spanish governors, Vicente Marquetich, ordered in one year alone about 12,000 executions. Colonial success over the Spaniards in the battle of Ayacucho, Peru, in 1824 is generally regarded as the close of the revolutionary period in Spanish America.

During the Napoleonic wars, the Prince Regent of Portugal and his court fled from Lisbon in November, 1807, to the colony of Brazil. The seat of Portuguese government was established at Rio de Janeiro until 1821, and then moved back to Lisbon. In 1822, Prince Pedro announced that he would remain in Brazil, and assumed the title of "perpetual defender and protector of Brazil." By virtue of a decree dated August 1, 1822, it was provided

[1] Juan and Ulba, *A Voyage to South America;* James Biggs, *The History of Don Francisco de Miranda's Attempt to Effect a Revolution in South America.*

[2] The *juntas* were originally organized to support the Spanish king against the French, turning to revolutionary activities after Ferdinand VII's collapse.

that "the dignity and authority of regent of this vast empire, conferred on me by the King, my father, has been confirmed to me by the unanimous and spontaneous consent of the People of Brazil." On October 12, 1822, he was solemnly crowned in the Cathedral of Rio de Janeiro as "emperor and perpetual defender of Brazil."[1] The independence of Brazil was recognized by the Brazil treaty of November 15, 1825.

As typical of the objects of the revolution the "manifesto addressed to all nations" of October 25, 1816, proclaiming the independence of Argentina may be quoted:

> We solemnly declare that it is the unanimous will of the people of these provinces to break asunder all the bonds which unite them with the kings of Spain; to reinstate themselves in the enjoyment of the rights of which they have been deprived, and to raise themselves to the highest rank of a free and independent nation, capable of giving themselves such government as justice and imperious circumstances may require.

The United States approved such ambitions and recognition was accorded to the revolutionary governments in 1822. Great Britain, which heartily favored the independence for a series of reasons, among which were trade possibilities, did not accord formal recognition. However, there was more than rhetoric in Canning's boast that he "called the New World into existence to redress the balance of the Old." He proposed that the United States and Great Britain should declare that they would not look with indifference at the transfer of Spanish territory in America to any European state. The United States declined to do this, but on December 2, 1823, President Monroe in his message to Congress declared "as a principle in which the rights and interests of the United States are involved, that the American continents . . . are henceforth not to be considered as subjects for future colonization by any European powers."

[1] John Armitage, *The History of Brazil (1836)*.

Independence being effected, Spanish America entered on the struggle for self-government. The conception of a confederation was well to the fore but was never realized, even though several states that are now distinct began independent life in unions.

The idea of close cooperation among the Spanish American states originated with Simón Bolívar, who took the initiative in 1824 to invite representatives of the American countries to assemble at a congress in Panama. One conviction was common, and was expressed in Article 6 of the Peruvian "Bases for a General Confederation of America" which reads as follows:[1]

> No state shall be allowed to enter into a treaty of alliance with any non-American power without having previously obtained the consent of the assembly.

While Bolívar favored a British hegemony for the newly independent countries,[2] he was not able to carry other leaders with him. Both Great Britain and the United States were represented at the Panama Congress in 1826 and there resulted an indirect rivalry between their policies which had no definite conclusion.

The United States then stood for the independence of Latin American states, the exclusion of European influences and free conditions of trade. Secretary of State Clay explained what has become the historical policy of the United States toward Hispanic America in his instructions to the American delegation, in which we read:[3]

> All idea is, therefore, excluded of binding a minority to agreements and acts contrary to its will, by the mere circumstance of the concurrence of a majority of the states in those agreements and acts. . . . The complicated and various interests which ap-

[1] Joseph Byrne Lockey, *Pan Americanism: Its Beginnings* (1920), p. 332.

[2] Bolívar's memorandum of February, 1826, translated in Joseph Byrne Lockey, *Pan Americanism: Its Beginnings* (1920), p. 388.

[3] International American Conference. Historical Appendix (1890), p. 115–116, 117, 125, 129, 143, 148.

pertain to the nations of this vast continent can not be safely confided to the superintendence of one legislative authority. . . .

. . . The first observation to be made is that, in acceding to the invitation which has been accepted, no intention has been entertained to change the present pacific and neutral policy of the United States. . . .

When a single nation finds itself possessed of a power anywhere which no one, nor all the other nations, can successfully check or countervail, the consequences are too sadly unfolded in the pages of history. Such a nation grows presumptuous, impatient of contradiction or opposition, and finds the solution of national problems easier, and more grateful to its pride, by the sword then by the slow and less brilliant process of patient investigation. If the superiority be on the ocean, the excesses in the abuses of that power become intolerable.

You will state in your conference that as they [the United States] have not sought in treating with the American states separately, neither will they seek in joint negotiations with them for any privileges which are not equally extended to every one of them. . . . The whole of what is very material to their commerce and navigation may be comprised under two general principles, both of which are founded on those bases. The first is, that no American nation shall grant any favors, in commerce or navigation, to any foreign power whatever, either upon this or any other continent, which shall not extend to every other American nation. And, secondly, that whatever may be imported from any foreign country into any one American nation or exported from it in its own vessels, may, in like manner, be imported into or exported from the same nation, the vessel, whether national or foreign, and the cargo paying in both instances exactly the same duties and charges and no more.

A cut or canal for purposes of navigation somewhere through the Isthmus that connects the two Americas, to unite the Pacific and Atlantic Oceans, will form a proper subject of consideration at the Congress. . . .

. . . Allowing no foreign interference either in the formation or in the conduct of their government, they [the United States] are equally scrupulous in refraining from all interference in the original structure or subsequent interior movement of the governments of other independent nations.

Character of Economic Evolution

Considering the industrial evolution of Latin America as a whole, we can distinguish three different phases:

(1) Preliminary development stage, with simple industrial and business systems handicapped by unstable political conditions and periods of great financial difficulties. This period resembles somewhat the situation in the United States about 150 years ago, characterized by the exploration and settlement of new territories, immigration from Europe, the development of navigation and railroad transportation, and with small industries in an experimental stage.

(2) Period of transition from 1880 until the outbreak of the World War in 1914, characterized by industrial development on a larger scale and by an increasing foreign trade with Europe, particularly in foodstuffs and raw materials. This period witnessed the beginning of foreign, mostly European, investments, the accumulation of wealth and the stabilization of political and financial conditions.

(3) Period of application of scientific and intensive methods to extractive industries, characterized by the rise of local manufacturing, by a great advance in both the volume and the value of foreign trade, and the quickening of the domestic interchange of goods. Stabilization of the currencies on the gold basis, advancing public revenues and a tendency to increase public debts for purposes of improvement.

The third stage brought Latin America into somewhat closer contact with the economic systems of Europe and the United States.

The first phase was largely political in its aspects and the wars for national independence gave the first occasions for borrowing in foreign markets. Chile and Colombia contracted the first public loans in 1822, followed later by the revolutionary governments of Peru and Central America. All these loans were floated in London, and the

terms were rather onerous. The net proceeds were used for munitions and other war materials for the wars of independence, but frequently only a small amount of cash reached the Latin American countries.

Around the middle of the past century, we witnessed the beginning of domestic industry and the investment of private capital from Europe in mines and in the importing and exporting business. Later, loans were floated largely for the purpose of refunding previous obligations. The industrial system was still very simple, and perhaps the only important extractive industry was the guano business in Peru. Mining, especially of copper and silver, was done in a very primitive way in Peru, Mexico, Bolivia and Chile.

Chile exported wheat to England after the repeal of the corn laws in 1841, but even a country like Argentina was only in the pastoral stage and not yet in the agricultural stage. Coffee growing was begun in Brazil around 1850, but the competition of Central America and the West Indies was very keenly felt. Negro labor was employed in the sugar industry, the main source of income for Brazil and the Caribbean countries.

In the course of the second phase, the systematization of industry was begun. In Peru, the guano industry was declining and was partly supplanted by the exploitation of the nitrate of soda lands at that time belonging to Peru and Bolivia. As a result of the war (1879–1883) between these countries and Chile, the latter acquired all the nitrate territory, which was the foundation for Chile's commercial and financial growth.

This period also coincided with a steadily increasing influx of foreign capital, larger investments, better means of communication and transportation, especially between South America and Europe, and railroad construction, financed largely by European capital. The loans of the Latin American governments were offered in London and Paris at what may be regarded as fair terms, because of the improving stability of currencies and governments.

In the decade from 1880–90, the demand in Europe for Latin American foodstuffs and raw materials increased to such an extent that a general increase in industrial and agricultural activities was felt in all countries of Latin America. The great development after 1880 was exclusively under European influence, and the participation of the United States was still insignificant.

In the course of the third period, that is, during and after the World War, the financial relations of Latin America changed entirely and the United States, no longer a money-borrowing, pioneer country but one with surplus wealth and money to lend, became the leading factor in the economic life of our southern neighbors.

The considerable progress registered by Latin America somewhat resembles the evolution of our own country.

However different the political and industrial history and the relative degree of advancement may be in the different states, all have now taken on a common relation to the outside world, and this relation is based almost exclusively on economic as distinguished from political considerations. Everywhere modern industrial methods have been, or are about to be, introduced. Large amounts of capital have been invested to improve old railroads or to build new ones. Modern agricultural machinery is used and even the inferior breeds of sheep and cattle have been replaced by new blooded stock. The sugar industry of Cuba has been developed into the present scientific organization and the extractive industries throughout the southern continent have been equipped with the most modern machinery.

What about the future trends? Some changes are already visible in the increasing production of certain agricultural commodities in the Far East and in Africa, where comparatively cheap land and cheap labor offer the greatest opportunities. The growing of plantation rubber affords a very interesting example. It is perhaps reasonable to expect that the increasing cost of labor and land in Latin America will bring about a decrease in the export of foodstuffs and

raw material, and that a very large part of such commodities as sugar, tobacco and cotton, which are now exported, will be consumed internally.

Domestic industries — many of them already well established — will soon meet the demand from the daily necessities of the people. This presupposes a combination of social advancement and industrial progress and a high level of general prosperity.

The same tendencies which may be said to have existed in the cattle-raising and domestic industries, are also found in the development of the oil industry. Before the World War, oil was found in only one country, Mexico, but at the present time, oil has been discovered in almost all the Latin American countries. The discovery of tremendous oil resources has been, and to a much greater extent will be, the most important factor in the economic development of our neighbors to the south. Just as centuries ago the power and prosperity of Spain were due to the tremendous resources of gold and silver in the Spanish colonies — to-day oil would seem to be at least as important as the precious metals.

According to an estimate by the Geological Survey of the United States, the approximate supply of petroleum available is divided as follows:

	Barrels[1]
United States and Alaska	7,000,000,000
Mexico	4,525,000,000
Northern South America, including Peru	5,730,000,000
Southern South America, including Bolivia	3,550,000,000
Southeastern Russia, Southeastern Siberia, and Caucasus	5,830,000,000
Persia and Mesopotamia	5,820,000,000

Taking these figures as approximately correct, the oil supply of Latin America is twice as great as that of the United States, and more than twice that of either of the other great divisions mentioned.

[1] Of 42 gallons.

Latin American oil production is about one-sixth of the annual world production and one-fourth of the production in the United States. The figures are:

OIL PRODUCTION IN LATIN AMERICA

	1927 Metric Tons[1]	1928 Metric Tons
World production	178,044,386	187,674,434
United States	128,017,000	127,152,006
Latin America	23,707,400	30,116,412
Venezuela	9,147,700	15,590,070
Mexico	9,119,300	7,654,852
Colombia	2,073,800	2,768,581
Peru	1,392,040	1,617,742
Argentina	1,235,790	1,302,214
Trinidad	738,770	1,182,953

Physical and Social Conditions

The immense size of Latin America is often no more fully realized than is its tremendous wealth and natural resources. Brazil alone is 200,000 square miles greater than the entire United States (excluding Alaska). A country like Chile is twice as large as California and four times as large as the State of Nebraska. Mexico is as great as Wisconsin, Nebraska, Ohio, Indiana, Illinois, Minnesota, Missouri, Michigan, Kansas, Iowa, Vermont, Connecticut, North Dakota and South Dakota. To compare with Europe, Argentina, for instance, is larger than the combined area of France, Italy, the United Kingdom, Spain, Belgium, Germany, Norway and Sweden. Colombia is greater than France, Holland and Belgium together. Even Costa Rica is far larger than the North American states of Vermont, New Hampshire and Connecticut. The total area of Latin America (over 8,000,000 square miles) is twice that of all Europe.

[1] Equivalent to 284 gallons.

With a total population of only about 85,000,000 people it is one of the least densely populated areas of the world.

The negro problem is not as acute as in the United States, and Argentina, Uruguay, Bolivia, Ecuador, Peru and Costa Rica have practically no negro population. But the Indian population is large, in Nicaragua seven-eighths of the whole population. In Brazil there are almost 2,000,000 Indians; in Bolivia 1,000,000. Nevertheless, taking South America as a whole, there exists no Indian social problem, due to the fact that the original Indian population has been almost entirely assimilated with the white men.

Migration from the overpopulated countries of Europe has been partly checked by North America, but there is still room for many millions in the fertile lands of South America. The immigration question is solved differently in South America than in the United States. If there is real restriction in any country of Latin America, it is to keep out undesirable elements, there being only nascent effort to protect native labor against foreign competition. That South America is less populated than the United States is due to the facts that Spain maintained a policy of isolation and that, after the independence of the Latin American States, conditions in the most of them were often too unstable for immigration. Only recently, during and after the World War, has increased immigration begun from the Southern European countries and Germany. Among the reasons that can be mentioned are: firstly, immigration restrictions in the United States; secondly, the recently developed steamship service; and, thirdly, the favorable attitude of the different governments toward immigration.[1]

The Italian element has recently become almost as important as the original Spanish, and among the smaller landowners we find a large Italian percentage.

But the German element is also increasing, especially in Brazil, Argentina and Chile. Large colonies preserving their national German character are found in Valdivia, Chile, and in many states of Brazil, where the Germans

[1] J. Warshaw, *The New Latin America.*

practically dominate the states of Santa Catharina and Rio Grande do Sul. The Germans are engaged mostly in agriculture, but within recent years they have helped swell the urban element, particularly in Brazil and Chile.

The following figures covering the past 50 years indicate the trend of immigration in Argentina, Brazil and Mexico:

IMMIGRATION IN ARGENTINA, BRAZIL AND MEXICO

Argentina		Brazil		Mexico	
Italians	2,250,000	Italians	1,300,000	Spaniards	30,000
Spaniards	1,500,000	Portuguese	976,000	North Americans	29,000
French	210,000	Spaniards	468,583	French	5,000
Germans	60,000	Germans	123,000	English	5,000
British	53,000	British	22,000	Germans	4,000
North Americans	6,000				

There exists a general feeling in the United States that the Latin Americans are not as industrious as we are, but they are not "effete" at all. The traveler will be astonished at the efficiency exhibited in the greater ports. Buenos Aires and Rio de Janeiro have modern and fully equipped harbors, with the necessary manual labor to be applied every time a ship comes in.

Means of transportation, as far as waterways are concerned, are better than in any similar area in the world and extensive coastlines make a commercial marine possible for almost all the countries. Mexico, as an example, has almost 6,000 miles of coastline, about 1,600 miles on the Atlantic, and on the Pacific Coast more than 4,200 miles. Brazil has a coastline of about 5,000 miles. Argentina's coastline is as long as that of the whole Atlantic Coast from Florida up to Nova Scotia. Chile's is over 3,000 miles. All except one Latin American country has access to the sea. Bolivia, the exception, is handicapped in the exportation of its tremendously rich resources, being confined to a single railroad line.

The river systems in South American countries, especially in Brazil, provide excellent communication between almost all regions, at least east of the Andes. The Amazon has a total length of more than 3,800 miles. Waterfalls could supply necessary power for the electrification of almost every part of the country.

While South and Central America are fortunate in possessing extensive systems of waterways, there is an urgent need for more railroads, highways and automobile roads. Foreign capital has to a large extent been invested in railroads and highways, but the average railroad mileage in Latin American countries is still far behind the average of other countries. Nevertheless, great progress is taking place, especially in the rapidly advancing A, B, C countries. Buenos Aires, for example, has an elaborate railroad system extending into the interior, and all the Argentine provinces are connected by means of several lines. The reason for the development of rail communication is that most of the railroads are built with private foreign capital, such investments yielding, as a rule, a regular and satisfactory income.

Highways, on the other hand, yield little or no income, and are, therefore, not a desired field for the investment of private capital, being largely built by government initiative. However, the steadily increasing use of automobiles and motor trucks renders it necessary to build highways and, in almost all the countries, we find automobile roads under construction, especially in Venezuela, Chile and Argentina. American capital has been particularly instrumental in providing Cuba, Salvador, Guatemala and Porto Rico with extensive highway systems, and is employed for the same purpose in Colombia, and the Dominican Republic.

Our southern neighbors realize that their prosperity depends not only on railways and waterways, but even more on automobile highways. All Latin America in 1928 had a road and trail mileage of only 340,000 as

compared with 243,000 in Africa and over 3,000,000 miles of road in the United States and 2,000,000 in Europe.[1]

The big cities are built mostly after the French design. Very beautiful theaters, churches and official buildings are found in all the larger cities. Buenos Aires has its Colon Theater, a $10,000,000 building much larger than the Metropolitan Opera House in New York. The Cathedral in Mexico City is the fourth largest in the world, only surpassed by St. Peter's, St. Paul's and the Cathedral of Seville.

Habana and Buenos Aires are already greater ports than any in the Western Hemisphere, with the exception of New York. Valparaiso is a close second to San Francisco.

The mountains are not only rich in minerals but give to South America most imposing scenery.

The climate all over Latin America is favorable. Even in Ecuador, situated on the Equator, the raising of sugar cane, barley and wheat is possible under an average temperature of 79 degrees Fahrenheit. Colombia has climates varying from 58 to 86 degrees, so that on the market in Bogotá bananas and peas, pineapples and potatoes are found side by side — raised within such a distance that the transportation of the fresh fruit to the capital is perfectly feasible. Uruguay has the climate of Italy, and in general we may say that South America is a "white man's land," so far as temperature is concerned.

In an area so sparsely populated and as a whole so fertile, the possibilities for expansion and development are immeasurable. In a country like Argentina the average holding is about six square miles but many ranches are as great as 500,000 up to 1,000,000 and even 2,000,000 acres, a surface greater than Rhode Island.

Theodore Roosevelt in 1914 declared, on his trip to South America: "The present century is the century of South America, as the 19th century has seen the tremendous development of the United States." Whether or not

[1] *Commerce Reports*, December 10, 1928, p. 664.

Latin America is only "starting on its way toward great prosperity, tremendous developments and a leading part in world politics," time alone will tell.

Industrial Development

Agriculture and mining are still the leading industries, but everywhere, especially in the A, B, C countries, local industries are developing and increasing to such an extent as to make the domestic demand independent of foreign imports. The slogan "Buy Home-Made Products" is being heard, and foreign imports are becoming affected by this nationalistic movement. Many foreign industries, however, have established their own factories in the Latin American states and consequently are less affected by the movement for home-made articles than they would otherwise be.

Whereas, only a few years ago, such articles as traveling bags, pocketbooks, vanity cases and card cases were imported from abroad into Argentina, to-day foreign imports of these articles are almost entirely displaced by domestic production. The same is true as regards the paper industry in Venezuela. Only a few years ago, a paper factory was established at Maracay, and to-day the importation of paper into Venezuela has considerably decreased, because the greater part of the demand for paper is met by local establishments.

Agriculture, mining and home industries were formerly carried on in an easy-going way, but the richness of the resources was so great that for centuries not only was the domestic demand met, but a large export was possible despite the admittedly inefficient system of exploitation. The situation has undergone a marked change, and to-day we find many industries in many countries equipped with the very best and most modern machinery. Mining, industry and agriculture are using the latest improvements, and the methods of exploitation are becoming more and more modern.

Cattle-raising in Argentina and Uruguay is no longer in the original primitive state, under which it was very profitably conducted for centuries. We now find in these countries the very best of thoroughbreds and a choice of wonderful livestock, bringing pastoral industry to a highly scientific and modern level. Cattle-raising has gradually become of considerable importance in nearly all the states of South America. In Paraguay, Bolivia, Mexico, Venezuela, Colombia and Peru it has become the principal industry. Even Brazil, originally not a cattle-raising state, is becoming a pastoral center.

The American packing industry has largely encouraged the development of this business. Armour & Company some years ago built in Brazil one of the largest packing houses in the world, and were followed by Swift & Company, Wilson & Company and Brazilian and British firms. Refrigeration began in 1914 as an experiment, and five years later exports of frozen beef from Brazil amounted to 55,685 tons. About 44 years ago, Argentina's total export value of frozen beef was only $1,680; in 1915 it has risen to $218,000,000, or about 40% of the country's total exports.

Early Investment Attitudes

A series of financial incidents with Mexico show other features of the state of mind which has existed but which now seems to have been largely replaced by greater mutual confidence and more normal relations.

The impact of North American investment upon Latin America is not of recent date. In the form of direct investment it runs back in some degree to the early days of commercial relations, and in an active sense its history may be dated from the so-called "Woodhouse" bonds, being a 7% $30,000,000 issue, contracted under authority of the Mexican Government with a New York firm and almost immediately declared void. A 20-year 7% bond loan contract for $2,950,000 was issued shortly after through J. W.

Corlies & Co. of New York and was approved by the Government on September 11, 1865.

These issues, which went into default, were a part of the financial complications created by a Mexican default on loans to European houses. This default led to the signing at London on October 31, 1861, of a convention [1] by which Great Britain, Spain and France agreed to intervene in Mexico to secure payment of national debt incurred during Miramon's revolutionary régime.

Art. II of the convention provides that "the high contracting parties undertake not to seek for themselves, in the employment of the coercive measures contemplated by the present convention, any acquisition of territory nor any special advantage, and not to exercise in the internal affairs of Mexico any influence of a nature to prejudice the right of the Mexican nation to choose and to constitute freely the form of its Government."

In the 60's and 70's considerable activity was manifested by United States citizens in seeking contracts for railroad construction in Central and South America.[2] An instance of the political suspicion and tension which existed at the time and which has until recently tended to complicate sound economic relations between the United States and the peoples of the western hemisphere was manifested in connection with the early history of Mexican railroad construction. Edward Lee Plumb, representing the International Railroad Company of Texas, secured a contract from the Mexican Government in May, 1873, to construct a national system of railroads. This contract was made subsequently to one executed with an English company for the construction of a railroad from Mexico City to Vera Cruz. In January, 1874, the Mexican Government revoked the contract because it was not considered

[1] 51 *British and Foreign State Papers*, p. 63. The ratifications were exchanged November 15, 1861.

[2] See, for instances, *Foreign Relations of the United States*, 1867, Vol. II, p. 277, 279; 1868, Vol. II, p. 1034; 1871, p. 242, 252, 624, 652, 660; 1873, p. 210, 673; 1874, p. 718, 723; 1875, p. 853, 925, 927; 1878, p. 550, 712, 733; 1879, p. 774, 776, 778, 811, 826; 1880, p. 97, 719; 1881, p. 771, 780; 1883, p. 63; 1888, p. 108.

sound policy to have the railroads constructed by foreigners.[1] The reissuance of the contract was approved by Congress to a company described as Mexican, but of which the directors actually consisted of six Mexicans and eight foreigners.

The question of public policy involved in the construction of railroads either by foreign companies or by foreign money continued for several years. In January, 1879, a committee of Congress reported on a railroad contract proposed with William J. Palmer & Co. of New York, the construction having as one object the connection of Mexico City with the railroad system of the United States. The committee on January 28, 1879,[2] criticized this project in round terms. The committee thought that any line "should only extend in the direction of the Rio Grande to Tampico or at the farthest to Matamoros." It thought that "competition in Mexico of American commerce with that of Europe must be by water communication and not by railroad to free Mexico from being made a colony or kind of dependency of the United States." The opinion was also expressed that "never would the committee consent to having the two republics united by iron bands, as by doing so they could hope for nothing but scorn and indignation from future generations." A typical and interesting point of view expressing more definitely the philosophy of the opposition was made in the Mexican Chamber of Deputies by Alfredo Chavero who spoke in part as follows:[3]

> . . . I tremble at this, because we are going to establish within our territory an American influence.
>
> But we have seen during the administration of the Republican party that General Grant, our friend, did not hesitate to state in a message that the manifest destiny of the United States was to acquire territory. . . .

[1] Minister Foster to Secretary Fish, January 24, 1874, *Foreign Relations of the United States*, 1874, p. 723.

[2] *Foreign Relations of the United States*, 1879, p. 787.

[3] *Foreign Relations*, 1879, p. 794.

There are two severe laws in history, and these laws are not to be forgotten.

The first is this: Border nations are natural enemies. We have no difficulties either with England, which we do not recognize, nor with France with whom our relations are severed, nor with Austria, for whom we have shot an archduke; but we have them with the United States, the border nation on the north, and with Guatemala, the border nation on the south.

Hence, sir, the United States according to the law of history are naturally our enemy. What ought we to do? Be always strong, be always prepared, even in the moment of greatest friendship with them. . . .

There is also another law in history; Nations of the north necessarily invade the nations of the south. . . .

. . . And shall we be so insane as to consent to the establishment of an American influence by a company which will embrace the whole country, as the committee has said, all our sections and all our roads? . . .

We desire material improvements; we have approved of the general idea of the construction of the railroad; but we do not wish to subject ourselves either to the ridicule of granting this railroad to a company which has not the necessary funds, nor to a danger for the independence and the future of the country.

For this reason, I pray you, gentlemen deputies, to reject the article discussed. The committees at the most offer you riches for the country; I beg you for liberty.

The relations of the United States to Latin American progress and economic life has attracted much attention and resulted in much argument. For historical reasons, the United States has assumed special relations of supervision over several of the countries in the Caribbean area. This series of actions has resulted in much discussion both in the United States and Latin America, and many times uncertainty as to the limits of the intentions of the United States has created suspicion as to its objects. Such suspicion has frequently not been allayed by the lack of coincidence between action taken and explanation of the policy involved. It is believed that a passage in President Roosevelt's message to Congress of December 6, 1904,

represents the intentions of the United States respecting Latin American countries:[1]

> It is not true that the United States feels any land hunger or entertains any prospects as regards the other nations of the Western Hemisphere save such as are for their welfare. All that this country desires is to see the neighboring countries stable, orderly and prosperous. Any country whose people conduct themselves well can count upon our hearty friendship. If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe doctrine may force the United States, however, reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power. . . . Our interests and those of our southern neighbors are in reality identical. They have great natural riches, and if within their borders the reign of law and justice obtains, prosperity is sure to come to them.

Pan American Cooperation

The series of international conferences of American states has continued since 1889, and the Pan American Union has functioned since 1890. The six conferences held have adopted a large number of conventions and passed very numerous resolutions which have had a distinct effect in facilitating the development of social, cultural, economic and financial activities in all the American states. Questions of transportation have received much attention, and extensive railroad building has been aided by the agreements effected. A system of Pan American trade-mark registration exists. Postal and other communication arrangements have been made in matters too numerous to mention. Resolutions respecting economic and commercial matters have progressively received

[1] Richardson, *Messages and Papers of the Presidents*, p. 7053.

attention. Some idea of the extent of the improvements agreed upon in the conferences can be gathered from the fact that the Sixth Conference at Habana in 1928 adopted 11 conventions, eight motions, three agreements, and 60 resolutions. A considerable number of matters have been independently handled. Financial and commercial matters are continuously studied with a view to agreement by the Inter-American High Commission. Financial and commercial congresses are regularly held. The Pan American Sanitary Union functions. Standardization is being sought. All these efforts contribute to accelerating the progress of Latin American countries.

Resolutions of the Habana conference of interest to the investing public and indicative of the character of cooperation which exists are given below:

Common Unit of Currency. The Sixth International Conference of American States resolves:

To recommend to the Governments of the states the consideration of the adoption of a common unit of currency for all of them, the following data to be given in the studies and reports which may be issued:

Value of the unit of currency; its weight, fineness, name and standard; and the other pertinent special circumstances.

It further recommends to the states that they communicate to each other, for greater accuracy of the study, the projects which they have respectively prepared, and that, once the studies have been completed by the States, they communicate them to the Pan American Union not later than two years from the date of the present resolution.

Taking as a basis the aforementioned studies and projects prepared by the states, the Pan American Union shall draft the definitive project. Once the project of the Pan American Union is drafted, it shall be communicated to the states so that they may express their opinions.

Finally, the project of a common unit of currency, prepared by the Pan American Union, together with the observations made by the states, shall be submitted to the Seventh International Conference of American States for the definitive adoption of the common unit of currency. (February 13, 1928.)

Commercial Associations. The Sixth International Conference of American States resolves:

I. To recommend that the Fourth Pan American Commercial Conference be mainly formed of representatives of the commercial associations of the American Republics and that above all it study the most efficacious way of increasing and strengthening the relations between the commercial organizations of the countries members of the Pan American Union.

II. To recommend that the commercial associations of America establish among themselves the closest possible relations of cooperation, and that they exchange regularly all publications relating to the commerce of America.

III. To recommend to the Pan American Union that it continue to publish the statistics of the foreign commerce of the American Republics, and that it also cooperate toward putting into effect the conclusions of the Pan American Commercial Conferences. (February 3, 1928.)

Stock Companies. The Sixth International Conference of American States resolves:

1. To recommend to the countries of the Pan American Union that they reform their legislation in the sense of permitting the organization of stock companies without their expressing either the value of their capital or that of their shares, and whose shares may be divided into several categories with different rights in respect to voting and other activities in the management of the corporation, and permit limited or unlimited participation in the company assets and in the profits.

2. That mortgaging of future property be facilitated by subjecting its effectiveness only to the acquisition of such property and to the registration or other formalities not requiring the debtor's consent; that the issuance of different kinds of bonds and other obligations, with or without guaranty, whether or not granting participation to the creditors in the conduct of corporate affairs, be permitted; and that no requirement be made to the end that mortgages guaranteeing those bonds and obligations be definitely limited to a fixed amount. (February 18, 1928.)

The period of instability and of political unrest in Latin America has to a certain extent passed. Currency reform and stabilization of exchange have been accomplished in

many of the republics through the establishment of banking systems modeled, in many instances, after the Federal Reserve system. Within ten years, no less than ten Latin American countries have had American financial advisers.

Professor Kemmerer, who has acted as financial adviser to seven Latin American republics, gives three principal reasons why governments are looking for American financial experts and advisers:

1. The belief that the United States is comparatively free from ambitions of political aggrandizement.

2. The economic and financial prosperity of the United States in recent years.

3. The desire to attract American capital.

On many occasions the present rapid expansion of United States investments in Latin America has been criticized as a special kind of "dollar diplomacy," and often the burdens imposed upon borrowing states in the case of public loans have been considered too onerous. With few exceptions, this has not been true. In recent years competition among investment bankers in the United States has been to the borrower's advantage. Increased burdens are met by the increasing revenues from the growing wealth of the countries.

As a general rule, recent loans are used for constructive purposes, and earlier loans bearing higher coupon rates are being refunded so that the credit standing of several countries has been considerably improved. The principal means of communication, railroads and waterways, have been improved. Rural highways have been constructed or are under construction in almost every Latin American country to meet the demand for better automobile roads. Sanitary conditions have been improved through modern waterworks and sewerage systems.

The heavy investments in private industries and agriculture are the primary reason for the greater wealth and the rising standard of living. An era of intensive development and increasing wealth and prosperity is just beginning in Latin America, and there is no doubt but that future

progress will be even much more noteworthy than the much improved economic conditions of to-day.

United States investments in some regions of the Caribbean area have led to rapid development and increased total prosperity at the expense of individual opportunity for attaining independent prosperity. Elsewhere the constructive value of capital migration has been scarcely questioned. The rapid conforming of economic life in the Latin American countries to the mechanism of financial and industrial practice has notably discouraged the conditions of political unrest which formerly created much friction. Governments are not borrowing for revolutionary purposes but for constructive objects. As a consequence, the terms they can seek bear a closer relation to the financial risk involved. The expansion of competition among lending syndicates contributes to the technical fairness of the contracts made, and the imposition of onerous terms upon the borrower has become unlikely, considering his ability to choose between competitive offers. As a result, Latin America now seeks loans in the United States under substantially normal conditions for borrowers. The likelihood of friction of a character abnormal to financial transactions, therefore, tends to decrease.

III. FEATURES OF INTERNATIONAL INVESTMENT [1]

The economic relations of the United States with the territories of the western hemisphere are perhaps more interesting than those with any other part of the world. Leaving Canada out of account, relations are maintained with 20 independent Governments, with Porto Rico and the Virgin Islands, which belong to the United States, and with the three Guianas (British, Dutch and French), as well as with island possessions of non-American countries. Of the several countries bordering on the Gulf of Mexico and the Caribbean Sea, five, Cuba, Dominican Republic, Haiti, Nicaragua and Panama, have special political relations with the United States which have encouraged the development of economic relations. The fact that Mexico is a neighbor of the United States has proved to be of economic importance. Generally speaking, the United States is much more fully developed industrially than Latin America, and, as a consequence, mutual commercial relations consist largely of the export of manufactured products from the United States and the importation of raw materials, natural or cultivated, from Latin America.

"The dictum, 'trade follows loans,' has undoubtedly, as many years of experience have shown, especially in the case of Great Britain, a sound foundation in fact,"[2] says Thomas W. Lamont. The industrial advance of the United States and the wealth resulting from mass production have combined to concentrate the attention of the economic interests of the United States upon Latin America as an area for

[1] This chapter has been added to Dr. Winkler's original manuscript. — D. P. M.

[2] *Proceedings of the Academy of Political Science*, Vol. XII, p. 944.

(1) The sale of goods;
(2) A source of materials;
(3) An area for the development of additional resources;
(4) An outlet for surplus capital.

The exchange of goods and materials between the United States and Latin America has witnessed a steady growth for a quarter of a century and constitutes a rising percentage of the total trade of the United States on the one hand and of the 20 republics on the other. In 1927, the United States trade with Latin America was 22.2% of its total trade, and the United States absorbed 35% of the exports of Latin America. A considerable, but unknown, part of this trade is accounted for by the active and progressive exploitation of Latin American resources by United States concerns. The United Fruit Company and a number of American sugar companies have developed plantations and local establishments in Latin American countries which have inevitably increased the volume of trade. Commerce with Costa Rica and Cuba, for instance, partially results from direct investment of capital. Packing interests have established themselves in Argentina, mining interests in Chile, Mexico and Peru, oil interests in Colombia, Venezuela and Mexico, etc. In all such cases the result has been an increase of trade in both directions and the continuous investment of private capital in the enterprises or industries of Latin America.

Until conditions following the close of the World War had established the United States as the principal capital reservoir of the world, agricultural, commercial, industrial and mining investments constituted the principal forms of the employment of United States capital in Latin America. To be sure, such enterprises frequently involved the construction of railroads, warehouses, etc., for their efficient operation; and such construction frequently became independent businesses. But until the closing of the European capital markets in 1914 as a result of the World War, the New York capital market was not visited with

any regularity by the directors of Latin American enterprises seeking additional funds. Since 1914, Latin Americans have regularly sought capital in New York. The Department of Commerce computes a total of $966,701,099 of Latin American corporate issues offered publicly in the United States between 1914 and 1928 in 162 issues.[1] Of this amount, $175,883,883 is estimated as refunded to Americans, leaving $790,817,216 as new nominal capital. The value of corporation securities is determined by the rules of economics and such issues customarily excite no public concern and raise no question of public policy.

During the same 14 years, Latin American Governments secured 191 loans of a nominal value of $1,897,625,750 in the United States. Of this amount, $395,250,413 was estimated as refunded to Americans, leaving nominal capital issued to the extent of $1,502,375,337. These 191 issues comprised loans negotiated by national and provincial governments and municipalities, as well as corporate issues officially guaranteed or controlled.

The summaries of the Department of Commerce have been confined to issues publicly offered in the United States. While the government issues compiled by the Department may be regarded as a complete record, the investment of United States capital has been more extensive than the figure for corporate issues indicates. Credits extended to foreign Governments, banks and corporations, the flotation of Latin American securities on the United States market and direct purchase of Latin American enterprises by American corporations or the investment of additional capital for expansion of existing American enterprises in those countries have been included in the estimates of the annual balance of payments by the Department of Commerce.

Taking the prewar investment into account and all these additional factors, we estimate that the total of United States investments in Latin America at the beginning of

[1] *American Underwriting of Foreign Securities in 1928*, p. 6 (Trade Information Bulletin, No. 613).

1929 was $5,587,494,100, of which about 30% was loaned to Governments. The total of United States investments abroad is estimated to be, roughly, $15,000,000,000, so it would appear that approximately one-third of the total capital exported from the United States has gone to Latin America.

The admission of foreign issues to the New York stock exchange dates back scarcely 30 years. In 1899, a Mexican Government bond issue was floated in New York. In August, 1914, it is said that only a dozen foreign issues had been put on the New York market. By the end of the year 19 others had been floated. While probably not more than one-third of the issues (by number or value) are Latin American, the increase of foreign issues listed on the New York stock exchange is interesting:

Date	Bonds	Stocks	Foreign Bonds and Stocks
1900	839	377	–
1910	1,013	426	–
1915	1,096	511	–
1925	1,332	927	184
1926	1,367	1.043	206
1927	1,420	1,081	248
1928	1,491	1,097	310
1929	1,534	1,177	370

The 370 foreign issues listed on January 1, 1929, consisted of 198 Government bonds, 137 company bonds, and 35 foreign stocks. Of the 198 foreign Government bond issues, 90 were of Governments in the western hemisphere and represented 35 national and subdivisional Governments, including Canadian.

The following table of listings on the New York stock exchange shows issues and market values as of January 1, 1929:[1]

[1] *New York Stock Exchange, Report of the President, 1928*, p. 72.

FOREIGN ISSUES ON NEW YORK MARKET

Security	Number of Issues	Per Cent to Total Issues	Market Value	Per Cent to Total Value
Total	2,711	100.00	$114,851,081,802	100.00
Total foreign issues . .	370	13.65	19,594,061,076 (7,172,473,300) [1]	17.06
Foreign government bonds	198	7.30	16,552,652,272 (4,131,064,496) [1]	14.41
Foreign company bonds .	137	5.05	1,648,700,716	1.43
Foreign company stocks .	35	1.29	1,392,708,088	1.21

The increase of foreign company shares on the stock exchange have been as follows: 1925, 65,113; 1926, 275,-758; 1927, 1,075,107; 1928, 8,796,223.

Government Loan Transactions

The relation of public debt transactions to foreign investment in Latin American countries is more than ordinarily diverse. Since their independence, almost all of the Latin American states have encountered difficulties in public finances.

The majority of them have been in default on foreign loans. The conditions which caused default are for the most part things of the past. Unsettled political conditions in many countries resulted in revolutions and the support of the revolutionary group by the income from seized custom houses. The keeping of treasury accounts has in some instances been very poor, so that the officials themselves do not know the financial condition of the country; while occasionally account keeping was extraordinarily clever and was done with a view to creating a wrong impression. In the past many public men tended to regard the public funds as appertaining to the holders of office. With such conditions prevailing in the 50's, 60's, and 70's of the

[1] Represents the deduction of the value of two British Government sterling war loans ($12,421,587,776), only a small proportion of which is held in the United States.

last century, many unsound loans were floated by lenders without a full sense of responsibility. Defaults in the early 70's called the situation to the attention of the British Parliament, and an investigation in 1875 resulted in a presentation of facts which materially improved conditions. Several Latin American countries, however, still suffer from the reckless period of their public finances.

At present the public finances of Latin American countries, as a whole, are in a sounder condition than ever before. A number of them have reconstructed their financial systems [1] and have adopted scientific methods of handling the public funds. A number of states have liquidated all old and questionable indebtedness and can present budgetary accounts of a high character.

An increasing number of Latin American states are able to borrow in the financial markets solely on the basis of their own credit. In the 10 years since the World War a number of states have improved their financial situation so that they are able to borrow at going rates by pledging specified revenues, the management of which they retain under their own administration. A number of states borrow at normal, or nearly normal, rates by the pledging of revenues and by the additional provision for the frequent — biweekly or monthly — remission of collections to the fiscal agent of the lenders.

A final group of states is giving guaranties involving not only the pledging of revenues such as the customs, but the transference of such revenues to the management of a foreign agent. This condition exists in Honduras, Nicaragua, the Dominican Republic, and Haiti, in all of which, except Honduras, the collector-general is appointed by the United States. In Honduras the collection is automatic on behalf of the bankers through the sale of special stamps for meeting taxes on consular invoices for imports.

[1] Experts from the United States have performed such services for Colombia, Cuba, Guatemala, Honduras, Panama and Peru, with the "cooperation" of the United States Government. Bolivia, Chile, Dominican Republic, Ecuador, Mexico and Paraguay have employed experts "without the assistance of the Government of the United States." Haiti has an American financial adviser.

From 1924 through 1928 the loans of Latin American Governments were 30% of the total Government issues floated on the American market, and in those five years amounted to $1,273,672,500. These loans were made by central governments, provinces, municipalities, and included corporate issues officially guaranteed.[1] The purpose of loans revealed both constructive objects and an increasing indication of sound financing. Of the total of Government loans issued in the United States in 1928 by foreign Governments, $642,726,000, a total of $274,786,087 was for public works, and of this amount $145,061,087 was taken by Latin America. Practically all the other loans in the United States by Latin American Governments in 1928 were used for refunding. Out of a total of $182,547,000 of Latin American refunding loans in 1928, $108,792,000 was employed for refunding on previous American loans; $57,855,000 was for refunding and consolidating internal funded and floating indebtedness, and $15,900,000 of the loans was employed for refunding loans previously negotiated in other countries.[2] Coupled with the various debt adjustments and arrangements to liquidate defaulted debts which have taken place since 1921, it may safely be said that the finances of Latin American Governments, in general and from the point of view of international investment, are in better shape than at any previous time.

One of the curiosities of international financial transactions is the transfer of money for other than economic reasons. A treaty signed at Bogotá, Colombia, on April 6, 1914, between the United States and Colombia provided for "the settlement of differences arising out of the events which took place on the Isthmus of Panama in November, 1903," when Panama declared its independence, and the United States by its recognition of the act contributed to the establishment of Panama as a state. By this treaty, which entered into force on March 1, 1922, the United States agreed to pay Colombia the sum of $25,000,000 in five

[1] Eugene W. Chevraux in *Commerce Reports*, January 28, 1929, p. 191.

[2] *Ibid.*, April 1, 1929, p. 3.

annual installments. The transaction might be viewed as an export of capital from the United States without counter obligations. By September, 1927, the whole sum had been paid. The money was used very much as a loan for public purposes might have been employed. An American commission of financial experts in 1923 recommended the establishment of the Bank of the Republic. The first instalment of the American indemnity was transmitted by airplane to constitute the initial capital of this bank. Another sum of 1,000,000 pesos was assigned as capital of the Agricultural Mortgage Bank, on behalf of which Colombia has frequently applied to the American market for funds. The remainder of the payments was devoted to the capital and improvements of 16 Colombian railroads and sundry public works, for all of which there was pressing need.

Another instance of a similar character is to be found in Peru, for which the French banking house of Dreyfus Brothers & Co. had acted as selling agents for guano and as fiscal agents between 1869 and 1879. The accounts of the complicated transactions involved became the source of misunderstandings, and in 1914 the Governments of France and Peru submitted the claims of the Dreyfus creditors to the Hague Permanent Court of Arbitration, which on October 11, 1921, fixed the sum due from the Government of Peru at 25,000,000 French francs.

By Art. XIV of the treaty of November 18, 1903, the United States agreed to pay to Panama an immediate sum of $10,000,000 and a sum of $250,000 annually during the life of the convention, which granted "to the United States in perpetuity the use, occupation, and control" of the Panama Canal Zone. This annual payment is a part of Panama's budgetary receipts which does not depend upon the commercial or financial position of the republic. It is particularly suitable as security for loans. The same republic also has what is called the "constitutional fund" amounting to $6,000,000, invested in New York real estate first mortgages. The income from this is also used as loan guaranty.

Complications of Investment Network

Not until the methodology of handling the statistics of international investments is perfected will any attempt to exhibit all the factors in the migration of money be fully accurate. One fundamental difficulty in attaining full accuracy is the constant operation of sinking funds or amortization provisions in loans. In the succeeding pages no effort has been made to indicate the details of sinking fund or amortizing provisions, but due dates have been recorded and with that key the reader will be aware that the original amounts are in most cases no longer completely outstanding.

Three technical conditions affecting all loans should be mentioned. The first is that the price of issue is frequently under the par due at repayment, so that the nominal amount of a loan is frequently not representative of the amount of capital exported under the terms of its contract.

The amount of exported capital is further reduced by the commission received by the investment bankers handling the transaction. This discount, unlike the price of public issue, has not been indicated.[1] Its amount depends upon the salability of the loan to the investor and upon general market conditions. In the very great majority of cases in recent years investment bankers have bid keenly for the opportunity of handling loans, and in general it may be assumed that commissions paid have been reasonable under the circumstances involved. It should be noted that such commissions in one sense represent a counterflow of capital, since they are payment by the borrower to the lender for agreed services rendered.

The third technical condition is the market price of securities on the exchange. This price is naturally reflective of all the conditions that are brought to bear upon the market price of securities on the open exchange, in addi-

[1] The discount on $300,000,000 of 1928 issues was stated to be $63,000,000 (*Commerce Reports*, May 13, 1928, p. 385).

tion to any special conditions occurring in the country concerned.

In attempting to estimate the extent of foreign investment in a given country the complications of incorporated industry are encountered. Frequently under the banking laws a branch bank must be equipped with its own capital. In that case, the amount of exported capital for the purposes of the branch is known; but the very conditions of being a financial outpost cause its capital requirements to fluctuate. If a railroad buys locomotives under ordinary conditions, the transaction figures as a normal commercial one; but if it formalizes purchase under a loan contract, the nominal amount of the contract will appear in the records as an investment of the selling company. If a commercial, industrial or mining corporation finances separately an enterprise in a foreign country, the capital involved will figure as an international investment. But if it draws from its own treasury the funds for establishing the separate company, the resulting international investment does not readily appear. If a subsidiary thus originated is accorded an autonomous position and stocks or bonds representing its capital requirements are placed on the market, their nominal value in whole or in part becomes identifiable as a foreign investment. If, however, the subsidiary remains closely connected in finances and management with the parent company because of specialized functions or other reasons, there exist no data for determining the proportion of the combined balance sheet that is attributable either to international investment or international trade.

Bearing in mind that Latin American investments are about one-third of the United States total, the following effort of the Department of Commerce to bring all the elements into a single view is excerpted from the estimated "Balance of International Payments of the United States, 1928"[1] and printed on the following page.

[1] Trade Information Bulletin, No. 625.

MOVEMENT OF UNITED STATES CAPITAL INVESTMENTS

(In millions of dollars)

	1927 (Revised)			1928		
	Credits	Debits	Balance	Credits	Debits	Balance
Private Long-Term Capital						
New American investments abroad:						
1. Foreign securities publicly offered here (par value)	–	1,537	−1,537	–	1,483	−1,483
2. Deduct for "estimated refunding to Americans"	235	–	+235	237	–	+237
3. Deduct for American underwriters' commissions	63	–	+63	59	–	+59
4. Deduct for securities issued below par	56	–	+56	63	–	+63
5. Add new "direct investments" abroad by Americans	–	257	−257	–	378	−378
6. Add foreign stocks and bonds bought from foreigners in small lots	–	166	−166	–	568	−568
Reductions of previous American investments abroad:						
7. Bond-redemption payments received from foreigners	200	–	+200	260	–	+260
8. Sinking fund payments received from foreigners	104	–	+104	101	–	+101
9. Resale to foreigners of direct investments	51	–	+51	50	–	+50
10. Foreign stocks and bonds resold to foreigners	398	–	+398	442	–	+442
New foreign investments in the United States:						
11. Direct investments	28	–	+28	70	–	+70
12. American stocks and bonds sold to foreigners	861	–	+861	1,634	–	+1,634
Reductions of previous foreign investments in the United States:						
13. Redemption and sinking fund payments to foreigners	–	70	−70	–	70	−70
14. Purchase of American properties from foreigners	–	–	–	–	–	–
15. American stocks and bonds bought back from foreigners	–	661	−661	–	1,153	−1,153
Total private long-term capital items	1,996	2,691	−695	2,916	3,652	−736
Short-Term Capital						
Net change in international banking accounts, as revealed by questionnaire	–	–	–	–	226	−226

One is more and more in the presence of the truly international corporation, the funds of which are not distributable among political states beyond the extent to which the stock- and bond-holding beneficiaries may be identified by nationality. The Standard Oil Company of New Jersey, which is incorporated in Delaware, in 1928 became a holding corporation, the net assets (capital and surplus) of which at the close of that year amounted to $1,090,148,929. It owns or is affiliated with the following companies operating in Latin America:

International Petroleum Company, Ltd., producing, refining and marketing in Peru and Colombia;
Standard Oil Company of Cuba, refining and marketing in Cuba;
West India Oil Company, refining and marketing in the West Indies and Central and South America;
Standard Oil Company of Brazil, marketing in Brazil;
Compañía Transcontinental de Petróleo, producing in Mexico;
Standard Oil Company of Argentina;
Creole Petroleum Corporation, producing in Venezuela;
Trinidad Oil Fields Operating Company;
Standard Oil Company of Bolivia.

The International Telephone and Telegraph Corporation is an illustration of a company of American origin which has acquired properties, constructs installations, and manages systems in many countries. It has an authorized common stock of 2,500,000 shares ($100 par), and on April 27, 1929, the total number of stockholders was 18,043, to which figure will be added some 1,300 British stockholders in the United River Plate Telephone Company, Limited of Buenos Aires, of which the corporation had acquired 99.9% of the stock. The employees of the corporation and its associated and affiliated companies throughout the world are stockholders. Of 47 associated and affiliated companies in this corporation, whose balance sheet of December 31, 1928, showed resources of $389,914,000, the following operate in Latin American countries:

All America Cables, Incorporated . .	New York, N. Y.
Chile Telephone Company, Limited, The	Santiago, Chile
Companhia Telephonica Rio Grandense .	Porto Alegre, Brazil
Compañía Internacional de Radio . .	Buenos Aires, Argentina
Compañía Internacional de Radio, S. A.	Santiago, Chile
Compañía Telefónica Argentina . .	Buenos Aires, Argentina
Cuban American Telephone and Telegraph Company	Habana, Cuba
Cuban Telephone Company . . .	Habana, Cuba
Havana Subway Company . . .	Habana, Cuba
Radio Corporation of Cuba . . .	Habana, Cuba
Compañía Standard Electric Argentina .	Buenos Aires, Argentina
Mexican Telephone and Telegraph Company	Mexico City, Mexico
Montevideo Telephone Company, Limited	Montevideo, Uruguay
Porto Rico Telephone Company . .	San Juan, Porto Rico
Radio Corporation of Porto Rico . .	San Juan, Porto Rico
Sociedad Cooperativa Telefónica Nacional	Montevideo, Uruguay
United River Plate Telephone Company, Limited	Buenos Aires, Argentina

All America Cables, Incorporated, became associated with the International Corporation in 1927 and operates 27,000 nautical miles of cables and connecting land lines extending to 23 countries and islands, while with its connecting companies it serves practically all the islands in the West Indies and all countries of Central and South America. All America Cables by an agreement of December 31, 1928, with the Compagnie Française des Câbles Télégraphiques will operate for 12 years the United States and Haiti Telegraph and Cable Company and the French Antilles Cable System connecting Cuba, Haiti, Santo Domingo, Porto Rico, St. Thomas, Curaçao and Venezuela. The total submarine cables of the International Telephone and Telegraph Corporation system total approximately 65,000 nautical miles and include the lines of the Postal Telegraph and Cable Corporation and the Commercial Cable Company.

Another type of American corporation is the United Fruit Company, which operates throughout the countries of the Caribbean area essentially as a unitary organization. On December 31, 1928, it had capital stock and surplus of $181,029,000. Among its fixed assets were land, buildings, equipment, cultivations, etc., in the tropical area valued at $111,346,598, and the ships engaged in its business were valued at over $29,000,000. The company does not publish figures of its assets by countries, but its assets by type in Central America, the northern coast of South America, Cuba and Jamaica were as follows:

HOLDINGS OF UNITED FRUIT COMPANY

Lands	$23,814,054.76
Houses and buildings	13,552,578.63
Cultivations	20,818,109.79
Live stock	2,160,980.65
Equipment	12,392,967.10
Railways and tramways	27,430,200.32
Wharves, boats, etc.	1,288,870.25
Sugar mills	9,888,836.76
TOTAL	$111,346,598.26

The total acreage of land held by the company was 2,477,285, of which 1,983,028 were unimproved. The lands were owned outright with the exception of some 150,000 acres on lease. The total lands under cultivation were in the following countries and for the following purposes:

	Acres
BANANAS:	
Colombia	29,818
Costa Rica	13,980
Guatemala	26,860
Honduras	73,769
Jamaica	9,710
Panama	13,176
Canary Islands	885
Total banana acreage	168,198
SUGAR:	
Cuba	92,047

	Acres
CACAO:	
Costa Rica	22,093
Guatemala	105
Jamaica	88
Panama	23,711
Total cacao acreage	45,997
COCONUTS	7,727
OTHER MISCELLANEOUS PRODUCTS	9,172
PASTURES	117,272
TOWN SITES, ROADS, LOTS, FIRE LINES, ETC.	55,360
Total improved acreage[1]	495,773

The United Fruit Company owned or operated 1,642 miles of railways and 681 miles of tramways. The properties owned were given as follows:

	Railways	Tramways
MILES OWNED:		
Colombia	29.92	5.35
Costa Rica	91.78	283.37
Northern Railway Co.	54.99	–
Cuba	340.89	–
Guatemala	114.82	163.23
Honduras	460.28	165.61
Jamaica	78.98	24.00
Panama	270.54	39.39
Total owned	1,442.20	680.95
MILES OPERATED:		
Costa Rica	188.52	–
Jamaica	11.39	–
	199.91	
Total miles owned and operated	1,642.11	680.95

An illustration of the rapid changes taking place in the Latin American investment field is afforded by the American

[1] Includes acres interplanted, 1,516.

and Foreign Power Company, Inc., a subsidiary of the Electric Bond and Share Company. Its total investments on December 31, 1927, amounted to $108,186,629 and had increased on the same day in 1928 to $285,565,840. The company is the largest American holder of foreign public utilities systems, and during the year 1928 reported gross earnings of $30,112,578, which come from the following:

	Gross Revenue
Cuban subsidiary	$17,395,693
Brazilian subsidiaries	6,772,790
Mexican subsidiaries	1,653,744
Panamanian subsidiaries	1,839,970
Guatemalan subsidiaries	890,357
Ecuadorian subsidiaries	397,540
Colombian subsidiaries	940,280
Venezuelan subsidiaries	222,204

In addition to increased holdings in some of the countries where properties were already in operation, the company has entered Argentina, Chile and Costa Rica.

The company's operations illustrate further another common phenomena, the transfer of properties from one foreign holder to another. In Chile and Mexico, it has acquired interests previously controlled by Whitehall Electric Investments, Ltd., of London, and in the Argentine the Atlas Light & Power Company, Ltd.

The petroleum and mining industries especially have developed quite complicated structures for foreign operations and investment. In many instances this is due to the requirement of national laws that companies exploiting national resources shall be native legal entities. Companies of the same or different nationalities have frequently combined for operations in Latin American countries. The placement of stocks of foreign corporations on the New York market has resulted in an untraceable American investment interest in various corporations active in Latin America.

A company representing a mingling of national interests is the International Light & Power Co., Ltd., chartered in 1913 under the laws of the Dominion of Canada and with

a total authorized capitalization of $20,000,000. The public utilities companies operated by it in Venezuela and Argentina are managed by an American concern, and both United States and British interests are joined with the Canadian investors.

In the course of 1929 the Intercontinents Power Company issued additional $3,000,000 of 6% debentures Series "A" due in 1948, bonds having been offered at 96 and interest. The company, which was organized for the purpose of owning and operating, directly or through subsidiaries, public utility properties in South America has now outstanding: $7,500,000 of 6% bonds due in 1948, 30,000 shares of $7 cumulative preferred stock of no par value, 100,000 shares of Class "A" common stock of no par value, and 251,000 shares of Class "B" stock of no par value. The company owns at present the entire outstanding stock of S. A. Compania Sud Americana de Servicios Publicos, which owns or has under contract electric light and power properties located in Argentina. It owns also over 90% of the capital stock of the S. A. Luz Electrica de Tres Arroyos, serving a community in the Province of Buenos Aires. In addition, this subsidiary owns two properties in southern Brazil. Intercontinents further owns the entire stock of S. A. Compania Sud Americana de Servicios Publicos of Chile, which owns the electric light and power property located in the City of Antofagasta. Net profits for the 12 months ended February 28, 1929 aggregated $1,046,691.

The change in the national complexion of the ownership of companies engaged in Latin American operations has recently become frequent. The transfer of the Lautaro Nitrate Company to a United States corporation [1] represents a type of transfer to which no exception is taken. On the other hand, the stockholders of the Buenos Aires & Pacific Railway Company in London on May 17, 1929, held a special meeting to amend the articles of association so as to prevent foreign acquisition of a voting control in the

[1] See p. 100 [856].

company. The article passed created a special register in which is recorded stock owned by or on behalf of a foreigner or foreign corporation or a corporation under foreign control, and no member of the company recorded in this special register is to be entitled to exercise any voting rights at any general meeting. At the passage of the resolution the chairman emphasized the point that it was not intended so much to protect British ownership of the company as to facilitate the exercise of the option of the Argentine Government to purchase the property. There are seven English owned railroads in the Argentine, and they all took similar action in quick succession in 1929. The customary form of the resolution was to limit foreign ownership to 20% of the issued stock.[1]

Government Loans and Intervention

Probably in no part of the world have the relations between Governments and concessionaires created greater difficulties than in Latin America. The acuteness of some of the incidents resulting from contacts between *entrepreneurs* and governmental authorities of revolutionary origin created situations which resulted in the development of two doctrines designed to protect Latin American Governments from foreign claims. As early as 1852 the Venezuelan Government endeavored to obtain an agreement among the Latin American states not to recognize claims presented by foreign Governments in matters of private interest. Carlos Calvo in his treatise on international law discussed this thesis in so cogent a way that it has come to be known as the Calvo doctrine.[2] As the so-called Calvo clause appears in contracts, it reads about as follows:

> The doubts or controversies that may arise as to the interpretation or execution of this contract shall be decided by the competent

[1] The railroads in question are: The Argentine Northeastern, the Buenos Aires and Pacific, the Buenos Aires Great Southern, the Buenos Aires Western, the Central Argentine, the Cordoba Central, the Entre Rios.

[2] Calvo, *Le Droit International*, 5th ed., Secs. 110, 204, 205, 1278.

tribunals of the republic in conformity with the laws and shall not give rise to any international reclamation.

This clause or its equivalents has been the subject of many arbitral decisions and has given rise to much diplomatic correspondence. Its validity has been both upheld and denied and discussion of it has produced some remarkable legal reasoning without producing definite rules. As a result, the view has apparently come to prevail that disputes between a foreign concessionaire and a national Government should be referred to local courts. If, however, those courts are of such a character as to warrant the claim that their operation has or might result in a denial of justice, a foreign Government may deem it advisable to intervene diplomatically. It seems to be clear that no contract of a citizen with a foreign Government can serve as a bar to his Government making his claim its own. "The right of a sovereign power to enter into an agreement" to submit to a mixed commission the claims of its citizens against another Government "is entirely superior to that of a subject to contract it away," said Umpire Ralston.[1] Apparently the propriety of methods by which a concessionaire's Government has become aware of his claim has never been discussed. The cases, however, indicate that the difference between standards of justice has been thoroughly brought out. If a Government has broken a contract, the claimant will be relieved from the stipulation barring his right to make the contract the subject of an international claim. While the subject is very complicated, the opinion seems to be that the renunciatory clause is without effect so far as concerns its changing or modifying the ordinary rules of international law.

The Drago doctrine was enunciated by Luis M. Drago, minister of foreign relations of the Argentine Republic, in a note of December 29, 1902. At the time, the Governments of Great Britain and Germany were contemplating taking forcible measures against the Government of Vene-

[1] In the Martini case, *Venezuelan Arbitrations* of 1903, p. 819.

zuela in connection with the collection of its public debt, then in default. The Drago note [1] states as a principle:

> The acknowledgment of the debt, the payment of it in its entirety, can and must be made by the nation without diminution of its inherent rights as a sovereign entity, but the summary and immediate collection at a given moment, by means of force, would occasion nothing less than the ruin of the weakest nations and the absorption of their Governments, together with all the functions inherent in them, by the mighty of the earth.

He holds that the amount of indebtedness should be legally established, but that the manner and time of payment are matters of choice, of which the debtor should not be deprived. On the other hand, the fact that collection can not be accomplished by means of violence does not render valueless the acknowledgment of the debt. Largely as the result of Señor Drago's note, the Second Hague Conference adopted a convention respecting the limitation of the employment of force for the recovery of contract debts, the essential article of which reads:

> Art. I. The contracting powers agree not to have recourse to armed force for the recovery of contract debts claimed from the Government of one country by the Government of another as being due to its nationals.
>
> This undertaking is, however, not applicable when the debtor state refuses or neglects to reply to an offer of arbitration, or, after accepting the offer, prevents any *compromis* from being agreed on, or, after the arbitration, fails to submit to the award.

No incident of the use of military force for the collection of public debts has occurred since the adoption of this convention, which has been ratified or adhered to by a number of American states: Guatemala, Haiti, Mexico, Nicaragua, Panama, Salvador and the United States. The convention was signed by the Argentine Republic, Bolivia, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Paraguay, Peru and Uruguay. Of the Latin American

[1] United States *Foreign Relations*, 1903, p. 1.

states signing but not ratifying several made reservations, some of which are reminiscent of the uncertainty due to the contentions under the Calvo doctrine. The Colombian reservation stated:

> It does not agree to the employment of force in any case for the recovery of debts, whatever be their nature. It accepts arbitration only after a final decision has been rendered by the courts of the debtor nations.

The Argentine reservations, which Guatemala, Nicaragua and Salvador made their own, sought to establish a distinction between public and private loans and read:

> 1. With regard to debts arising from ordinary contracts between the citizens or subjects of a nation and a foreign Government, recourse shall not be had to arbitration except in the specific case of denial of justice by the courts of the country which made the contract, the remedies before which courts must first have been exhausted.
> 2. Public loans, secured by bond issues and constituting the national debt, shall in no case give rise to military aggression or the material occupation of the soil of American nations.

The Bolivian reservation recorded the opinion

> that the acceptance of the proposition before us will but mean the legitimation by the Peace Conference of a certain class of *wars*, or at least interventions based on disputes which relate neither to the honor or vital interest of the creditor states.

The Dominican Republic held that the interpretation of the clause excepting from the application of the principle the case when the debtor "prevents any *compromis* from being agreed on" might possibly lead to "excessive consequences."

Peru made a reservation

> that the principles laid down in this convention shall not be applicable to claims or differences arising from contracts concluded by

a country with foreign subjects when it has been expressly stipulated in these contracts that the claims or differences must be submitted to the judges or courts of the country.

The Uruguayan delegation

considers that arbitration may always be refused as a matter of right if the fundamental law of the debtor nation, prior to the contract which has given rise to the doubts or disputes, or this contract itself, has stipulated that such doubts or disputes shall be settled by the courts of the said nation.

The conflict of opinion and interest indicated by these reservations has been the subject of much discussion and very little action over a period of many years. As a result of the work of the Pan American Commission of Jurists, however, it was given a certain amount of attention at the Sixth International Conference of American States at Habana in 1928. That conference on February 20, 1928, adopted a convention which, though avoiding some phases of the question, represents an important measure of agreement. The text reads:

Art. 1. States have the right to establish by means of laws the conditions under which foreigners may enter and reside in their territory.

Art. 2. Foreigners are subject as are nationals to local jurisdiction and laws, due consideration being given to the limitations expressed in conventions and treaties.

Art. 3. Foreigners may not be obliged to perform military service; but those foreigners who are domiciled, unless they prefer to leave the country, may be compelled, under the same conditions as nationals, to perform police, fire-protection, or militia duty for the protection of the place of their domicile against natural catastrophes or dangers not resulting from war.

Art. 4. Foreigners are obliged to make ordinary or extraordinary contributions, as well as forced loans, always provided that such measures apply to the population generally.

Art. 5. States should extend to foreigners, domiciled or in transit through their territory, all individual guaranties extended

to their own nationals, and the enjoyment of essential civil rights without detriment, as regards foreigners, to legal provisions governing the scope of and usages for the exercise of said rights and guaranties.

Art. 6. For reasons of public order or safety, States may expel foreigners domiciled, resident, or merely in transit through their territory.

States are required to receive their nationals expelled from foreign soil who seek to enter their territory.

Art. 7. Foreigners must not mix in political activities, which are the exclusive province of citizens of the country in which they happen to be; in cases of such interference, they shall be liable to the penalties established by local law.

Art. 8. The present convention does not affect obligations previously undertaken by the contracting parties through international agreements.

Art. 9. After being signed, the present convention shall be submitted to the ratification of the signatory States. The Government of Cuba is charged with transmitting authentic certified copies to the Governments for the aforementioned purpose of ratification. The instrument of ratification shall be deposited in the archives of the Pan American Union in Washington, the Union to notify the signatory Governments of said deposit. Such notification shall be considered as an exchange of ratifications. This convention shall remain open to the adherence of nonsignatory States.[1]

In witness whereof, the aforenamed Plenipotentiaries sign the present Convention in Spanish, English, French and Portuguese, in the city of Habana, the 20th day of February, 1928.

Reservation of the Delegation of the United States of America

The delegation of the United States of America signs the present convention making express reservation to Art. 3 of the same, which refers to military service of foreigners in case of war.

Supervision by United States Government

"Early[2] in the administration of President Harding it became apparent that one of the first problems to be dealt

[1] Argentina alone was not represented.

[2] The quoted paragraphs are from the *Annual Report of the Secretary of the Treasury*, 1925, p. 54.

with was that of protecting the billions of dollars of loans made by the United States to foreign governments during the war. The cash advanced and credits granted represented money borrowed by the United States from its citizens. These sums must be repaid them, with interest. It was accordingly incumbent upon the Government fully to inform itself regarding the finances of its foreign debtors and particularly to be advised regarding their further borrowings from the people of the United States. On May 25, 1921, President Harding brought the situation to the attention of the leading bankers of the country at a conference at the White House. As a result of the conference the bankers agreed to inform the State Department in advance regarding any undertaking involving loans to foreign governments so that the State Department might have an opportunity to notify the bankers in case the interests of the Government demanded that it raise an objection to such financing in the American market. In order to make the position of the administration more fully understood, on March 3, 1922, a statement was made to the press by the State Department referring to the conference with President Harding and again directing the attention of the bankers to the desirability of cooperating with the Government in this regard."

The Department of State announcement read:

> The flotation of foreign bond issues in the American market is assuming an increasing importance and on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.
>
> American concerns that wish to ascertain the attitude of the department regarding any projected loan should request the Secretary of State, in writing, for an expression of the department's views. The department will then give the matter consideration and, in the light of the information in its possession, endeavor to

say whether objection to the loan in question does or does not exist, but it should be carefully noted that the absence of a statement from the department, even though the department may have been fully informed, does not indicate either acquiescence or objection. The department will reply as promptly as possible to such inquiries.

The Department of State can not, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions, nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of this Government. The department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.[1]

"It is now customary for American bankers intending to float foreign issues or to grant credits to foreign governments to consult the State Department before final action is taken by them. Upon receipt of advice from the bankers the State Department confers with the Commerce and Treasury Departments and then notifies the bankers of the attitude of the Government, whether or not objection to the financing is interposed. In failing to raise any objection, however, the Government does not pass upon the merits of the financing in any way or assume responsibility of any sort in connection therewith. Failure to object indicates only that there is no national interest involved in the transaction which makes the financing objectionable from the point of view of the United States.

"Early in 1925, after much consideration, it was decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities, and private

[1] *State Department Press Release*, March 3, 1922.

enterprises within the country concerned were included in the prohibition. Bankers consulting the State Department were notified that the Government objected to such financing. While the United States was loath to exert pressure by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and through the United States to its citizens."

Latin American Governments not being debtors to the United States Government, no political embargo upon their loan transactions has been imposed.

IV. FOREIGN INVESTMENTS BY COUNTRIES

1. South America

Argentina

Argentina has an area of 1,513,119 square miles, or about one-third of that of the continental United States. An official estimate for 1927 places its population at 10,647,000, of which the great majority are white, with a large percentage of foreign-born — mostly Italians and Spaniards. The general aspect of the Argentine nation is that of a modern European colony planted in the new world, composed of persons who have left Europe to make an economic success of life. This fact and the temperate climate have been of the greatest importance for the development of this country.

Recent prosperity is quite impressive, and 1928 surpassed 1927, which was itself an exceptionally good year. The exports in 1928 amounted to $996,170,000 as compared with $971,980,000 in 1927 and the imports of 1928 were $875,073,600 as compared with $825,103,000 in 1927.

Since the World War we find a typical three-cornered aspect of Argentina's foreign trade by the increase of imports of automobiles, agricultural machinery and modern labor and time-saving devices from the United States. On the other hand, Argentine foodstuffs and raw materials are exported to Europe, especially Great Britain.

United States imports [1] from Argentina steadily increased, 1926 importations being 10% more than in 1925, 1927 figures gaining another 10%, and during the first 10 months of 1928 a gain of 5% additional was recorded. In 1927 the United States took 8% of Argentina's exports, as compared with 5% in 1913, the growth in our trade being due largely to important shipments of linseed. Our pur-

[1] Data from George J. Eder, "Current Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

chases from Argentina during the first 10 months of 1928 totaled $86,624,000 as compared with $82,531,000 in 1927.

United States exports have shown a similar increase to Argentina, which became our leading customer in Latin America by rising from third place in 1925 and from second place in 1927. The United States now supplies over one-quarter of Argentina's total purchases from the world, as compared with 15% before the war, when it stood second to England. Our 1926 exports were 4% less than in 1925, but 1927 showed a 14% gain and the first 10 months of 1928 registered an additional increase of 10%, our exports during that period amounting to $145,428,000, as compared with $133,079,000 in the first 10 months of 1927.

The important products of Argentina are exclusively agricultural and pastoral, with the exception of petroleum from the Comodoro Rivadavia field in Patagonia. The agricultural items comprise 50% of the value of the country's exports, while pastoral products (frozen, chilled and canned meats, wool, hides and skins) make up over 40%. Farming and cattle raising have reached their greatest intensification in the almost treeless Pampas. Periodical attacks of locusts and also dry seasons cause a great variability of the annual crops. Farming is less scientifically practiced in Argentina than in the United States, and the general yield per acre is considerably lower, wheat being half the American yield, oats running two-thirds and corn equaling it. The grain acreage in 1928 was about 7% higher than in 1927, constituting a new record.

Argentina has a very extensive and well-equipped railway system and ranks first in mileage among the Latin American countries. The Government operates 4,300 miles of the 28,854 total mileage.

Public Finance. The expenditures of the Argentine Government exceeded the revenue in every year from 1911 to 1922.[1] From 1923 to 1927 no new budget was passed, but the budget for 1923 was extended from year to year. As a result, the ordinary budget came into balance and

[1] Department of Commerce, *Latin American Budgets*, Part I, p. 1–24, Trade Information Bulletin, No. 497.

showed a surplus. An actual surplus was shown in 1923, and from 1924 to 1927 a surplus was shown in the budget as a result of loans. On the other hand, the Argentine Government was engaged in extensive public works undertakings, and the increase of the public debt did not reflect accurately successive budgetary deficits. It increased from 1,331,985,000 paper pesos in 1913 to 2,019,838,000 paper pesos in 1919, and to 2,479,822,000 paper pesos in 1927. In those 14 years, the floating debt multiplied five times, the internal debt doubled, and the external debt increased by half, amounting to 1,015,640,000 paper pesos ($431,000,000) in 1927. Since 1922 the floating debt has been steadily reduced, and there is a definite policy of consolidating the external debt in dollar long-term issues. Since 1915 Argentina has borrowed in New York.

The Argentine gold peso [1] is valued at 96.48 cents, and the paper peso is 44% of it, or 42.45 cents. The average exchange rate for the gold peso, which dropped to 78.13 cents in 1924, had risen to 96.3 cents in 1927.

Foreign Investments. English money began reaching the country as far back as 1857. Government loans, however, began to be floated in London as early as 1824. Long before the 19th century closed, the Argentine was an important destination for exported capital, and by the outbreak of the World War the amount had attained huge proportions. The heaviest single group of investments is the railroads, of which the majority are held by foreign countries, especially Great Britain; public debt is second. An Argentine estimate made by Dr. Alberto B. Martinez in May, 1918, gives a total of $3,743,000,000 in foreign investments divided as follows in gold pesos, the gold peso being 96.48 cents at par: [2]

[1] The gold peso is written "0$s," *oro sellado*, and the paper, "m$n," *moneda nacional*.

[2] *Investments in Latin America.* I. Argentina, by Frederic M. Halsey and G. Butler Sherwell, p. 5, 25, 169. (Department of Commerce, Trade Information Bulletin, No. 362.)

FOREIGN INVESTMENTS IN ARGENTINA

	Gold Pesos
Various Argentine loans and issues	657,303,460
Railways	1,344,326,465
Banks	51,891,022
Ports	22,163,909
Tramways	109,496,149
Meat-packing plants	40,916,439
Gas, electricity, water, and drainage companies	78,373,018
Land and rural property companies	79,681,618
Mortgages	500,015,962
Insurance	3,886,464
Industrial establishments	507,760,000
Telephone and radio-telegraphic companies	21,340,000
Commerce	465,169,244
	3,882,323,750
	($3,743,000,000)

Robert Dunn [1] in 1926 divided foreign investments other than British and American as follows:

French	$425,000,000
German	375,000,000
Dutch	150,000,000
Belgian	135,000,000
Spanish	60,000,000
Swedish and Norwegian	25,000,000
Italian	25,000,000
Other countries	15,000,000

French money is invested in banks, Government loans, railways and port concessions. Germans are mostly interested in large estates and cattle concerns, also in banks and commercial enterprises. Dutch interests have an important steamship line and investments in banks, while the Government loans are listed on the Amsterdam stock exchange.

British investments in Argentina were placed at the beginning of 1928 at 4,859,292,000 pesos (paper), equivalent to about $2,044,000,000, as compared with 4,199,027,000

[1] *American Foreign Investments*, p. 62.

pesos (paper) in 1913. Details regarding investment of British capital in Argentina are as follows:

BRITISH CAPITAL INVESTED

Type of Investment	1927 Paper Pesos	1913 Paper Pesos
Railways	2,830,988,000	2,535,587,000
Bonds	801,934,000	934,487,000
Miscellaneous	1,226,370,000	728,953,000
Total	4,859,292,000	4,199,027,000

The income earned on the above investments in 1913 was estimated at 202,314,000 pesos (paper), or about 5.9% on the total. Railroad investments yielded about 118,656,000 pesos; the income on government, state, municipal and corporation bonds was placed at 40,809,000 pesos; while the return on miscellaneous investments accounted for the balance, or 42,849,000 pesos. In 1927, the return on railroad investments was estimated at 152,754,000 pesos (paper), or 5.4% on the total amount invested. The yield on bonds accounted for 35,419,000 pesos, and the income on miscellaneous investments for 65,384,000 pesos.

United States Investments. These interests are steadily increasing and include Government, provincial and municipal bonds, banks, public utilities, industrial and railroad securities. The Department of Commerce at the end of 1924 estimated that the total of United States investments in Argentina was $212,800,000.

Prior to the war, American investments in Argentina were relatively unimportant. The Argentine meat-packing industry was among the first to attract American capital, in 1907. After preliminary operations in the country, the Swift interests in 1918 secured a concession authorizing them, for a period of 100 years, to buy and sell property, install and administer packing houses and similar industries,

to buy and sell bonds and shares of Argentina and of Argentine companies, as well as the securities of other countries and their enterprises, and to engage in the banking business. The company owns the entire capital stock of the Compañía Swift de la Plata, which operates meat slaughtering and freezing works situated at Puerto la Plata, Rosario, Rio Gallegos and San Julian, and a selling and distributing agency in the city of Buenos Aires. The company, which operates also in Brazil, Uruguay, Paraguay and Australia, has a capitalization of 22,500,000 pesos (gold), on which dividends have been paid continuously since February, 1919, aggregating to the end of 1928 about 26,100,000 pesos gold.

Other American packing companies, including Armour, Morris and Wilson, also have important plants and properties in Argentina. The capital employed in Argentina is about $12,300,000.[1]

The United River Plate Telephone Company, Limited, was a British company organized in 1886 to amalgamate the business of the United Telephone Co. of the River Plate, organized in December, 1882, and the River Plate Telephone & Electric Light Co., Ltd., organized in January, 1882. The company owns and operates a telephone service in the City of Buenos Aires and in the Provinces of Buenos Aires, Santa Fé, Cordoba and San Juan. Capitalization consisted in 1928 of 1,520,000 ordinary shares of £4 par value; 40,000 cumulative 5% preference shares of £5 par value; and £300,000 4½% debenture stock due in 2006 or earlier at 105 and interest on six months' notice from the company. By an agreement of December 11, 1928, the International Telephone and Telegraph Corporation acquired 99.9% of the outstanding common stock, offering for five ordinary shares a cash payment of £22/10/0 and one $100 share of International Telephone and Telegraph, or £12 per share cash. The ordinary shares of United had been receiving dividends at the rate of 8%

[1] Frederic M. Halsey, *Investments in Latin America* . . . . p. 95 (Department of Commerce, Special Agents Series, No. 169).

per annum (1914–28), so that the American company acquired control on a 2.67% income basis.

The International Radio Company of Argentina is associated with the International Telephone and Telegraph. A subsidiary of the corporation, the International Standard Electric Corporation, controls the Compañía Standard Electric Argentina.

The First National Bank of Boston has a branch at Buenos Aires housed in its own building, which is valued at $5,000,000 and is the finest bank building in Latin America.

The Intercontinents Power Company owns the outstanding capital stock, except qualifying shares, of Compañía Sud Americana de Servicios Publicos, which owns or has under contract electric light and power properties of about 15,000 horse-power, serving 71 Argentine communities with an estimated population of 440,000. This company owns 90% of the capital stock of Luz Eléctrica de Tres Arroyos in a community of 65,000 population. The properties of the Intercontinents Power Company are under the management of Gannett, Seelye & Fleming, Inc., who with the Westinghouse Electrical International Company, E. H. Rollins & Sons and Stroud & Co., Inc., control the Class B common stock. The assets of the company are in excess of $12,800,000, with its principal holdings in Argentina.

The American and Foreign Power Company acquired the English Atlas Light & Power Company, Ltd., in 1928.

The Atlas was registered in 1908 as the Cordoba Light, Power & Traction Co., Ltd. In 1923 the name was changed to the Argentine Light & Power Co., Ltd., and in November, 1926, to the Atlas Light & Power Co., Ltd.

It owns electric lighting and power supply businesses and electric traction systems in the cities of Cordoba, Santa Fé, Parana, and Montevideo (Uruguay). It also owns the entire stock and bond capital of the Argentine Tramways & Power Co., Ltd., which operates in the Province of Santa Fé; The Cordoba Light & Power Co.,

which supplies electric light and power under concession from the Province of Cordoba, the concession expiring December 31, 1948; the Cordoba Electric Tramways Construction Co., Ltd.; the Compañía de Luz y Fuerza de Parana; the Parana Tramways Co., Ltd.; and a controlling interest in the Tucuman Tramways Light & Power Co., Ltd. It also owns the entire stock and bond capital of the La Transatlántica Compañía de Tranvías Eléctricos de Montevideo, with the exception of 308,500 pesos of 6% debentures. Capitalization of the Atlas consists of 3,000,000 ordinary shares of £1 par value, of which 2,750,000 shares are issued and fully paid; 3,000,000 shares of 7% cumulative preference shares of £1 par value, of which 2,750,000 shares are issued and fully paid; £1,464,516 of 6% debentures, and £1,103,987 of 5% debentures, of which £889,757, were issued to former debenture holders of the United Electric Tramways of Montevideo, Ltd.

The Goodyear Tire & Rubber Company is contemplating the construction of a new plant in South America, probably in Argentina, with an initial capacity of 3,000 tires daily.

The Forestal Land, Timber & Railway Co., Ltd., is an English concern which purchased the New York Tanning Extract Company, whose properties are incorporated as the New York Quebracho Extract Co.

American oil interests are represented by the Standard Oil group which controls, *inter alia*, the Standard Oil Company of Argentina.

The National Lead Company operates in Argentina through a subsidiary, the National Lead Company, South America, which in 1921 acquired control of the Compañía Minera y Metalurgica Sud-Americana, organized in 1921 with a capitalization of $500,000. The company owns lead mines in the Province of Jujuy and a smelter in Buenos Aires.

Numerous other United States concerns have branches or subsidiary companies in the country.[1]

[1] Details as of 1926 may be found in Robert Dunn, *American Foreign Investments*, p. 63.

The International Cement Corporation also operates plants in the country through its subsidiary the Compañía Argentino de Cemento Portlando.

Details regarding American investments, which began to assume a somewhat more important part in 1914 are presented here.

UNITED STATES CAPITAL IN ARGENTINA

Securities	Amount Issued	Amount Refunded	Price
1915			
Argentine 6% loan, due 1920	$25,000,000	$15,000,000	99
Argentine 6% loan, due 1920	5,000,000	–	99
1916			
Argentine 1-year notes	18,500,000	–	–
Argentine 1-year notes	15,000,000	–	–
Buenos Aires 6's, 1926	8,098,250	8,098,250	–
International Portland Cement Co.	2,500,000	–	250 [1]
1917			
Buenos Aires (Province) 6's, 1927	8,098,250	–	–
Argentine 1-year notes	5,000,000	5,000,000	–
Central Argentine Railway 6's, 1927	15,000,000	–	100
1918			
Argentine 6's, 1923	800,000	–	96¼
1921			
Argentine 7% treasury notes, 1923	50,000,000	–	99⅝
Railway Equipment Bonds 6's, 1926	13,000,000	–	–
1922			
Argentine 7's, 1927	27,000,000	–	99
Buenos Aires (City) 5's, 1957	1,095,000	–	–
Buenos Aires (Province) 3½'s of 1906	480,000	–	–
Cédulas (Argentine Mortgage Bank) 6's	500,000	–	–
1923			
Argentine 6's	55,000,000	50,000,000	–
Buenos Aires (City) 6½'s	500,000	500,000	–

[1] Represents price per unit consisting of 5 shares of 7% preferred stock and 6 shares of common stock.

UNITED STATES CAPITAL IN ARGENTINA — *Continued*

Securities	Amount Issued	Amount Refunded	Price
1924			
Argentine 6's, 1958, Series "B"	$30,000,000	–	95
Argentine 5½'s, due August, 1924	20,000,000	$15,000,000	100
Argentine 5¼'s, 1925	10,000,000	–	100¼
Argentine 6's, 1957, Series "A"	40,000,000	–	96½
Argentine 4% notes, due March 1, 1925	5,000,000	–	100
Argentine 5% notes, due Feb. 25, 1925	20,000,000	–	–
Buenos Aires (City) 6½'s, 1955	8,490,000	–	96½
Buenos Aires (Province) 5½ notes, 1925	2,000,000	–	–
1925			
Argentine 6's, 1959	45,000,000	20,000,000	96
Argentine 6's, 1959	29,700,000	29,700,000	96½
Argentine 6-mo. 4¼% notes	25,000,000	25,000,000	100
Buenos Aires (Province) 5¼'s, 1926	3,600,000	–	100
Buenos Aires (Province) 5¼'s, 1926	2,000,000	–	100
Córdoba (Province) 7's, 1942	5,943,000	–	95
Santa Fé (Province) 7's, 1942	10,188,000	–	96
1926			
Argentine 6-mo. 5¼% notes	20,000,000	20,000,000	100
Argentine 6's, 1960	16,900,000	–	98¼
Argentine 6's, 1960	20,000,000	–	98
Buenos Aires (Province) 7's, 1936–52	14,800,000	–	96½–99
Buenos Aires (Province) 7½'s, 1947	14,472,000	–	99
Buenos Aires (Province) 7's, 1952	10,600,000	–	96½
Buenos Aires (Province) 7's, 1936	4,200,000	–	99
Buenos Aires (Province) 7's, 1957	24,121,000	–	94¾
Puerto Plata Sugar Co.	8,000,000	–	–
1927			
Argentine 6's, 1961	21,200,000	–	99
Argentine 6's, 1960	40,000,000	–	99½
Argentine 6's, 1961	27,000,000	27,000,000	98¼
Argentine 5% notes, due Sept. 25, 1927	12,000,000	12,000,000	–
Argentine 5% notes, due March 25, 1928	12,000,000	12,000,000	–
Argentine treasury notes, due Sept. 29, 1927	20,000,000	20,000,000	–
Buenos Aires (City) 6's, 1960	3,396,000	–	97½

UNITED STATES CAPITAL IN ARGENTINA—*Concluded*

Securities	Amount Issued	Amount Refunded	Price
1927			
Buenos Aires (City) 6's, due Feb. 29, 1928	$2,137,500	–	100
Buenos Aires (Province) 7's, 1958	10,613,500	–	95
Córdoba (City) 7's, 1937	2,547,000	–	97
Córdoba (City) 7's, 1957	4,669,500	–	98¾
Córdoba (Province) 6's, due April 1, 1928	1,281,000	–	100
Mendoza 7½'s, 1951	6,500,000	–	98¾
Santa Fé (City) 7's, 1945	2,122,500	–	94½
Santa Fé (Province) 6's, 1928	1,500,000	–	100
Tucuman 7's, 1950	2,122,500	–	94½
1928			
Argentina notes, due Sept. 28, 1928	12,000,000	$12,000,000	–
Argentina 5½'s, 1962	20,000,000	–	97
Buenos Aires (City) 6's, Series "C," 1960	3,396,000	–	98½
Buenos Aires (Province) 6's, 1961	41,101,000 [1]	41,101,000 [1]	96½
Tucuman (City) 7's, 1951	3,396,000	–	96½
Córdoba 7's, 1937	2,547,000	–	97
Intercontinents Power Co., 6% debentures	3,000,000	–	96
Int. Tel. & Tel. Corp., 4½% con. debentures	57,300,000	–	98
Buenos Aires Central Ry. 7% pfd.	4,939,000	–	98.78
"Chade" (Compañía Hispano-Americana de Electricidad)	2,340,000	–	117
1929			
Intercontinents Power Co.	1,500,000	–	99
International-American and Foreign Power Co. (Inc.)	100,827,200	–	100
Intercontinents Power Co.	2,500,000	–	–

Bolivia

The total area of Bolivia is officially estimated at 514,595 square miles, but as the Chaco is disputed territory, figures ranging from 473,560 to 704,195 are also given. The population is probably about 2,500,000 persons, of whom about

[1] Of which $23,601,000 only represents American flotation and $34,209,500 the portion refunded in United States.

55% are Indians. Whites comprise 15% of the population and "mestizos" 30%. The climate is severe and conditions of labor are not favorable for attracting immigrants of the laboring classes, so that all mining and agricultural workers are natives.

Bolivia is extremely rich in minerals and since the early days of Spanish colonization silver mines have been constantly exploited. Silver ranks second in the list of exports, with over 20,000 tons of ore annually. At the present time tin has taken the lead in the extractive industries and Bolivia ranks close second to the Straits Settlements, producing annually about 30,000 tons, one-quarter of the world's output. Tin accounts for about 70% of the total export value. Gold mining is important, as is copper, lead, zinc, wolfram, etc. Bismuth is a natural monopoly of Bolivia, of which the annual output is 300 to 500 metric tons.

Bolivian minerals — tin, lead, copper and silver — comprise some 93% of the total exports of the country. Their exploitation, however, exerts but little influence upon the vast bulk of the population in that country, aside from its effect upon Government revenues and on workers in the mining regions. The population is largely in a primitive state of economic development, although the Government is making an effort to improve conditions. The only large non-mineral product among exports is rubber, collected by Indians in the forest regions, and the value of exports of this product has dropped from nearly $6,000,000 in 1913 to less than $2,000,000. Imports into Bolivia are almost wholly dependent upon the requirements of the large mining enterprises, and show considerable fluctuation from year to year.[1]

United States imports from Bolivia declined considerably in the past two years, but these figures are not indicative of local trade, as the United States takes only 8% of the total (one-tenth as much as the United Kingdom),

[1] Revised from George J. Eder, "Current Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

the greater part of Bolivian tin going to England for refining and shipment back to the United States, which is the leading consumer of the refined product. Our exports declined considerably since 1926, owing chiefly to the depression in the mining industry.

Public Finance. Bolivia had no external debt when a £500,000, 6% sterling loan dated January 1, 1909, was sold to New York bankers at 90. In 1910 the Government borrowed £1,500,000 in Paris for establishing the Banco de la Nación Boliviana, and in 1913 £1,000,000 for railway construction. In 1913 the total debt amounted to $18,119,000. The external debt in the next nine years steadily diminished through operation of the sinking fund. A law of May 24, 1922, authorized contracting of a loan up to $33,000,000 for refunding of obligations, reduction of the internal floating debt, and for certain railway construction.[1] The following table shows the change in the debt over a period of years:[2]

BOLIVIAN DEBT

Debt	Pounds	Bolivianos	Dollars
1919			
External debt	2,608,000	–	2,273,000
Internal debt funded	–	13,883,000	–
Floating debt	–	19,078,000	–
Total in dollars	–	–	27,524,000
1927			
External debt	329,000	–	42,459,000
Internal debt funded	–	22,066,000	–
Floating debt	–	18,303,000	–
Total in dollars	–	–	59,776,000

[1] Charles A. McQueen, *Bolivian Public Finance*, p. 39, 49 (Department of Commerce, Trade Promotion Series, No. 6).

[2] *Commerce Yearbook*, 1928, Vol. II, p. 77.

The monetary unit is the boliviano, having a par of 19.2 pence, $0.3865. The British gold currency is legal tender. The bank reserves are largely in that form, the principal circulating medium being bank notes. The boliviano in 1928 averaged just below par.

Investments. The Standard Oil Company of Bolivia, organized in 1921 as a subsidiary of the Standard Oil Company of New Jersey, has valuable concessions for a tract of 7,400,000 acres of petroliferous land for a period of 55 years. The company is capitalized at $5,000,000.[1] Sinclair interests have important options on Bolivian oil lands.

Attention may be directed to the petroleum law of December 12, 1916, providing that all deposits of petroleum or hydrocarbons are the property of the Government, and that concessions may be granted only under supervision and approval of the Government.[2]

In 1918 it was estimated that French investments in Bolivia amounted to $20,000,000 or $25,000,000, and British at $17,519,400. Chilean interests had a considerable mining stake in the country.

The National Lead Company for $30,000,000 acquired tin properties. The resulting American concern, the Patiño Mines & Enterprises, Consolidated, incorporated in Delaware in 1924, will control 80% or more of the tin production of Bolivia. Señor Simon Patiño has long been the principal figure in the Bolivian tin industry. The company acquired the Machacamarca-Uncia Railway (60 miles) for £991,667. The capitalization of Patiño which owns the Uncia and Llallagua groups of tin mines consists of 2,500,000 shares of $20.00 par value of which 1,380,316 shares are outstanding. Ore reserves on December 31, 1928, consisted of 1,605,637 tons averaging 4.45% tin. Mine and mill dumps were estimated to contain 2,235,763 metric tons averaging 2.337% tin in addition to mine reserves.

[1] Frederic M. Halsey and James C. Corliss, *Investments in Latin America*, IV, p. 27 (Trade Information Bulletin, No. 466).

[2] W. L. Schurz, *Bolivia, a Commercial and Industrial Handbook*, p. 140 (Department of Commerce, Special Agents Series, No. 208).

The Caracoles Tin Company of Bolivia is a Guggenheim concern organized in 1922 in Bolivia with a capitalization of $40,000,000 of which $16,000,000 are issued and fully paid. The company owns 14,326 acres in the Department of La Paz, also water rights and power sites on a number of streams. It has participated in organizing the British American Tin Corporation, a £1,000,000 concern.

The International Mining Company, organized by W. R. Grace & Company in 1918 under the laws of Bolivia, has a capitalization of 1,000,000 bolivianos. The company owns 8,654 acres, including tin and tungsten mines in the Department of La Paz. It also has an option on the Emprese Minera Tanapaca.

The Fabulosa Mines Consolidated was organized in 1921 with a capitalization of 3,000,000 shares of £1 par value, of which 21,039 shares are held in the treasury. There are also outstanding $381,200 of 9% bonds of an original issue of $510,000. Reserves are estimated at 4,000,000 tons of ore averaging 5% tin. Ores carry tin, bismuth and silver. The land owned by the company aggregates 6,600 acres, covering two important mine groups.

The Incaoro Mines Company was organized under the laws of Delaware with a capitalization of $1,000,000, and owns gold mines.

In 1922, the National Lead Company purchased an interest in the Compañía Minera y Agricola Oploca de Bolivia, which was incorporated in Chile with a capitalization of £400,000, of which £270,000 are outstanding.

American capital is also interested in the Bolivian Power Company, Ltd., organized under the laws of Nova Scotia to operate light and tramway undertakings in La Paz under a concession from the Bolivian Government. The concession, which expires in 1950, includes also a contract for the supply of all public lighting. Americans are also interested through the ownership of securities in the International Power Company, Ltd., in the latter's subsidiary,

the Oruro Light & Power Co., organized in Bolivia to operate light and power systems in Oruro under an exclusive concession which expires in 1954.

The South American Electric Smelting Company has large properties.

An American Colonization Company acquired a long lease on 300,000 acres in eastern Bolivia.

Ulen & Company, a subsidiary of Stone & Webster, Inc., constructed and financed the sewer system in La Paz and Cochabamba and received $2,250,000 Bolivian Government bonds in payment. The same company is constructing a government railway of over 128 miles, for about $10,000,000.

The Bolivia Railway Co. was originally built by a Connecticut corporation, but was taken over by British railroad interests. Its capital stock is $10,000,000; majority owned by the Antofagasta (Chile) & Bolivia Railway Company, Ltd.; funded debt comprises $27,945,000 first mortgage 5% gold bonds, in default as to principal since January 1, 1927, and £2,500,000 second mortgage 5% income bonds, due January 1, 1932, all owned by the Bolivian Government. The La Paz-Yungas Railroad, a state construction, was originally surveyed by United States engineers and partially built with money from the dollar loan of 1917.

American investments in Bolivia prior to 1910 aggregated about $10,000,000, represented by Government bonds and by an investment in the Bolivia Railway Company. The extent of American capital which has gone into the country during the past two decades is presented in the subjoined table.

UNITED STATES CAPITAL IN BOLIVIA

Securities	Amount Issued	Amount Refunded	Price
1915			
Bolivia 1–2 year notes	$1,000,000	–	–
1917			
Bolivia 6's, 1929 (Yungas R.R.)	2,400,000	–	–
1919			
Bolivia 6's	2,400,000	–	96
1920			
Bolivia 6's, 1921–34	2,253,000	$1,000,000	–
1921			
Bolivia 6's, 1944	2,030,000	–	–
Bolivia 6's, 1922–34	1,000,000	–	82.24–97.74
1922			
Bolivia 8's, 1947	29,000,000	–	101
1924			
Bolivia 8's, 1947	5,000,000	–	93
Patiño Mines & Enterprises Consol.	30,000,000	–	–
1925			
Bolivia Lead Co.	2,000,000	–	–
Bolivian Power 8's, 1945	1,000,000	–	100
Patiño Mines & Enterprises	5,000,000	–	25
1927			
Bolivia 7's, 1957	14,000,000	–	–
Bolivian Rubber Co.	4,100,000	–	–
Bolivian Petroleum Co.	3,167,500	–	5½
1928			
Bolivia 7's, 1969	23,000,000	1,000,000	97½
Bolivia Cement Co.	284,750	–	–

Brazil

The area of Brazil is about 259,000 square miles larger than that of continental United States. Professor Edwin W. Kemmerer, economic adviser of many Latin American

countries, gives an interesting comment about the size of Brazil:[1] "The 9% difference between the United States, except Alaska, and Brazil is sufficient to cover all six of our New England states, the three middle states of New York, Pennsylvania and New Jersey, and then to throw in for good measure, England, Ireland and Wales."

Brazil ranks first in coffee production, having about two-thirds of the world's total export trade in coffee; it is second only to the United States in the quantity of tobacco exported; it is the second largest producer of rubber and the second largest producer of cocoa. During the World War the trade in coffee and rubber was very depressed, but after the war the increase was tremendous.

The population of about 42,000,000 does not possess a high purchasing power, but the consumption of native products is steadily increasing. The export of tobacco, for instance, has been reduced to one-half of the production. The meat packing houses utilize the greater part of the production of fresh meat, while as regards sugar only a very small percentage is being exported.

Foreign investments go a long way toward improving the productivity of domestic industries, resulting, as a rule, in a decrease of exports despite the heavy inflow of capital. The budgeting of deficits in recent years is, therefore, not entirely discouraging, if we take into account the increasing wealth of the population. The future depends to a large extent on the honesty and ability of the public administration, which is always an important factor in growing countries like Brazil.

In most of the states along the coast from the Amazon to São Paulo cotton has been raised for many years and until recently it was one of the principal exports; but the expansion of the textile industry has absorbed most of the domestic production.

Measured in dollars, the foreign trade of Brazil increased from $640,000,000 in 1913 to $852,000,000 in 1926, but fell off $30,000,000 in 1927. The statistics of foreign trade

[1] *Brazil of Today.*

show that in 1927 imports amounted to $387,542,000 (compared with $324,010,000 in 1913), and in the same period exports totaled $431,464,000 (compared with $315,737,000 in 1913), giving an excess of exports over imports of $71,805,000. Nevertheless, the condition of the export trade is often considered as unfavorable because the excess of exports over imports is insufficient to cover the interest on foreign capital invested in the country. In 1928 the President estimated the whole balance of trade to be unfavorable, as a result of the invisible items, to the extent of $85,000,000.

The economic ties between Brazil and the United States are becoming stronger every year. The United States is the largest importer from Brazil, as shown by the following statistics:

IMPORTS

Countries	1922	1926
United States	$48,956,976	$113,384,802
United Kingdom	55,182,970	73,148,407

And also the total export figures prove that the largest share of the Brazilian raw materials and foodstuffs is taken by the United States:

EXPORTS

Countries	1922	1926
United States	$116,912,144	$218,024,567
United Kingdom	29,769,379	15,925,296

In 1913 the percentage of the total imports of Brazil originating from our country was 15.7% and in 1927 it was 28.7%. Of the total exports from Brazil, the United States percentage in 1913 was 32.2% and in 1927, 47%. The

United States consumes about 58% of the world's rubber supply and two-thirds of Brazil's rubber production. About 60% of the production of cocoa is consumed in the United States.

It is not correct, however, to judge the economic prosperity or the progress of different countries by their foreign trade alone. Countries like Brazil, Argentina and most of the Latin American countries are essentially self-supporting, and domestic business is, in many instances, their most important business. Such countries produce directly most of what they consume, and consume most of what they produce.

Coffee and Rubber. "Coffee constitutes over 70% of the total exports of Brazil, and the precarious position of this product has caused a considerable feeling of uncertainty in all lines. The predominant position which coffee has been given in the political and economic life of the country is scarcely justified by the actual bases of Brazilian prosperity. Brazil, with a population of over 42,000,000 inhabitants, offers an enormous market of domestic consumption, and exports constitute but a small percentage of the total production of the country, although exerting a decisive influence on even purely domestic affairs. Cotton, sugar, cattle, and other industries, are of great importance in domestic trade, and even in the State of São Paulo, the center of coffee production, coffee comes second to the manufacturing industries in value of products, and forms only about a third of the total productivity of the state. Despite the really broad bases of Brazilian prosperity outlined, coffee exports are undoubtedly the dominant factor."[1]

Coffee is by far the most important export article of Brazil. The ratio of coffee exports to total exports is:

1910	41	1924	76
1920	49	1925	72
1921	60	1926	74
1922	64	1927	71
1923	64		

[1] George J. Eder, "Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

This preponderance of one item in the country's economic life has given rise to the measures taken by the Brazilian Government to stabilize its export trade, known as the coffee valorization plan.

Brazil produces about two-thirds of the world's coffee supply, but consumes only 5% of it. The United States is the largest consumer, and its objection to the Brazilian Valorization Plan is responsible for the fact that the loan of $50,000,000, necessary to establish the plan, was excluded from the United States market and floated in Europe.

Variations in price and in production, dependent on the uncertainty of the weather and due to the plant's susceptibility to frost, have made the national resources unstable because the revenues from the coffee trade are the most important part of the nation's income. Large crops used to mean low prices and lower state revenues were reflected in the rate of foreign exchange. The Government bought the larger crops, for instance in 1906, 1911, 1913 and 1921, financing these transactions by foreign loans. The policy of the Brazilian Government has been changed since 1921 and the surplus crop is no longer bought by the Government, but transportation to the ports is now restricted. State governments, moreover, have helped producers by providing loans on relatively easy terms to establish the necessary warehouses. The Coffee Institute allots a definite share of the exports to every producer.

Brazilian coffee valorization is an outstanding example of government regulation of crop marketing. It is designed to equalize seasonal fluctuations, and is based on the dominating position of Brazil in the world market for this particular product.

"No accurate figures are available as to crops, carry-over, or available supplies, but from the most reliable indexes available it seems certain that [the 1928] exportable crop in Brazil alone was considerably greater than the total world consumption. Production outside of Brazil has increased considerably, and, although this year's Brazilian

crop shows a great reduction compared with that of 1927–28 it is probable that there is being withheld from the market at present an amount almost equivalent to a full year's normal exports. Coffee prices have been sustained thus far, and have recovered from the 3-cent decline in 1927, comparative values of United States imports of Brazilian coffee during the past four years being as follows: 1925, $0.212; 1926, $0.197; 1927, $0.161; and 1928 (10 months), $0.198."[1]

In view of the admitted importance of rubber to the United States, recent activities of the Ford interests in Brazil have assumed special significance. Ford has started rubber plantations on a large scale in the sparsely inhabited Amazon Valley. A considerable amount of sanitation work in this region is already under way, and the first trees have already been planted. There are about 60,000 Ford automobiles in use in Brazil and Ford's efforts to bring the dormant Amazon Valley into cultivation are highly commended throughout Brazil. The area of the Ford rubber concession is approximately 3,700,000 acres, situated about 700 miles from the port of Para. It is estimated that the annual production on only half of the area will amount to between 350,000 and 400,000 long tons of rubber.

To realize the importance of this American rubber industry to the United States it may be mentioned that the total consumption of rubber by American industries in the United States in 1927 was 489,000 long tons, so that Ford's enterprise might make the United States rubber supply independent of other foreign markets.

Means of transportation are rather favorable in Brazil. Almost no other country has better inland waterways which, combined with the extensive ocean frontage, have contributed more than any other factor to the economic development of the nation. More than 10,000 miles of navigable waters are open to river and ocean steamers, and 20,000 miles more can be utilized by light draft and flat-bottom boats.

[1] Eder, *loc. cit.*

A railroad mileage of 20,000 miles is constructed and more lines are under construction or planned. At present, however, most of the railroads terminate at seaports, but have no connection with each other.

Public Finance. In only nine of the 36 years of the republican régime in Brazil from 1889–1925 did the budget [1] show a credit balance. In each of the years 1925 and 1926, a deficit was shown, but small surpluses appeared in 1927 and 1928. As, however, nearly one-third of the budget is devoted to public works, it is frequently assumed that the unbalanced budget is not of necessity a serious feature of Brazilian public finance. A British financial mission studied the economic and financial structure of the country in 1923, but its recommendations were not positively adopted. Details of revenues and expenditures have not been published since 1921, and the chief source of information is the annual message of the President. On December 31, 1926, the floating debt amounted to $190,399,000, and the remaining debt as follows:[2] Internal refunded debt, $288,347,000; external debt: Great Britain, £531,830,000; France, francs 64,762,000; United States, $156,890,000. These obligations were liquidated to an amount of about $16,000,000 in 1928 by regular sinking fund operations.

According to Kimber's *Record of Government Debt,* the foreign debt of Brazil in July, 1927, was divided as follows: [3]

FOREIGN DEBT OF BRAZIL

	British
Federal Government bonds	£111,058,000
State and municipal bonds	27,737,000
Industrial enterprises, banks	141,270,000
TOTAL	£280,065,000

[1] See League of Nations, *Memorandum on Public Finance,* 1922–1926, p. 95 (C. E. I. 34. 1927. II. 29) and Department of Commerce, *Latin American Budgets,* Part I, p. 36 (Trade Information Bulletin, No. 497).

[2] *Commerce Yearbook,* Vol. II, p. 93.

[3] For a similar list for 1925, see Department of Commerce, *Latin American Budgets,* Part I, p. 44 (Trade Information Bulletin, No. 497).

FRENCH

Federal Government bonds (francs)	336,206,000
State and municipal bonds (francs)	381,355,000
Industrial enterprises (francs)	1,500,000,000
TOTAL	2,117,561,000

UNITED STATES

Government bonds	$123,717,000
State and municipal bonds	118,700,000
Industrial enterprises	100,000,000
TOTAL	$342,417,000

Financial ties with the United States are of recent date. In 1920, almost none of Brazil's national debt was held in our country, except such parts of issues as had found their way here by way of England, Germany and France. At the present time, America holds almost one-third of the total foreign debt of Brazil.

The unit of Brazilian currency is the milreis, the par of which was established at 11.963 cents by law of December 18, 1926. From an average exchange rate of 32.16 cents in 1913, it dropped to an average of 11.84 cents in 1927. Brazilian public accounts are usually kept in contos of 1,000 milreis.

The United States of Brazil is a federation in which the states enjoy a very definite financial autonomy. Part of their revenue is derived from export taxes so that a state like São Paulo, which is the center of the coffee industry, possesses a source of revenue from the foreign trade passing through it, the export tax on coffee being five francs per bag.

Foreign Investments. Robert W. Dunn, in his book *American Foreign Investments* (1926), gives as the total amount of United States capital invested in Brazil $300,000,000, mostly in Government, state and municipal bonds. The distribution of American investments in the dollar

obligations of Brazil was estimated by the *Wall Street Journal* in 1923, as follows: [1]

Bonds of Brazilian Federal Union and District	$104,316,000
Bonds of states	27,761,000
Bonds of municipalities	15,338,559
Paulista Railway bonds	3,619,032
TOTAL DOLLAR BONDS OUTSTANDING	$151,034,591

About $300,000,000 is invested by Germany, Portugal, Canada and Italy. It is estimated that the total foreign capital invested in Brazil is $2.500,000,000, of which half is British.

United States Interests. The United States Steel Corporation has extensive interests in the manganese mines of Brazil. The American interests were incorporated as the Companhia Meridional de Mineracão in 1920 under the laws of Brazil, properties having been purchased for $3,413,285. The company's mines show "the largest known deposits of high grade manganese ore."

American capital is invested in important British controlled steel companies, the amount of which is unknown.

Wilson & Company, Swift & Company (through the Companhia Swift do Brasil) and Armour & Company, are incorporated under the Brazilian law and own large interests. Swift & Company's Brazilian wholly owned subsidiary operates a meat slaughtering and freezing works in the Port of Rio Grande, and a meat canning and dried beef plant at Rosario, both in the State of Rio Grande do Sul, and a selling agency at Rio de Janeiro.

American capital is also interested in a number of Brazilian public utilities, especially those operating in the Rio de Janeiro and São Paulo sections. American capital also owns substantial amounts of the securities of the Brazilian Traction, Light & Power Company, Ltd., organized in 1912 under the laws of the Dominion of Canada to consolidate the interests of the São Paulo Tramway, Light & Power Co.,

[1] *American Foreign Investments* (1926), p. 68.

Ltd., the Rio de Janeiro Tramway, Light & Power Co., Ltd., and the São Paulo Electric Co., Ltd. Through the Rio de Janeiro Tramway, the company controls the Brazilian Telephone Co. and the Rio de Janeiro Gas Co., and through the São Paulo Electric Co., the Sao Paulo Gas Co. In December, 1928, the company offered to purchase all ordinary shares of the City of Santos Improvement Co., Ltd., at £2/17/6 per share and holders of over 750,000 shares accepted the offer. In August, 1929, it was reported that the International Telephone & Telegraph Corporation had acquired the telephone business owned by the Brazilian Traction Company, and valued at more than $30,000,000. It was also reported that the Electric Bond & Share Company had definitely bought control of Brazilian Traction from Belgian, English, Dutch and Canadian holders, probably through an exchange of stock, or part stock and part cash at varying prices. The price paid was said to be in excess of $70 per share.

The Brazilian subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $6,772,790. The company's subsidiary, the South American Power Co., organized in Florida, controls a number of public utility enterprises in Brazil and other South American countries, and also purchased in 1927 the Brazil Railways Co. from the International Light & Power Co., Ltd. Some of the subsidiaries operating in Brazil include the following companies:

AMERICAN AND FOREIGN POWER SUBSIDIARIES

Name of Company	Number of Shares		Bonds and Notes
	Common	Preferred	
South American Power Co., Inc.	5	–	–
South American Power Co.	1,000,000	120,000 [1]	$1,297,909
Brazilian Electric Power Co.	50,000	–	–
Companhia Brasileira de Energia Electrica	50,000	–	–

[1] Divided into 70,000 shares of preferred and 50,000 shares of second preferred.

AMERICAN AND FOREIGN POWER SUBSIDIARIES—
Concluded

Name of Company	Number of Shares		Bonds and Notes
	Common	Preferred	
Cia. Linha Circular de Carris de Bahia	220,000	–	$396,120
Cia. Central Brasileira de Forca Electrica	120,000	–	–
Empreza Forca e Luz de Ribeirao Preto	38,000	–	963,732
Cia. Paulista de Forca e Luz	40,000	–	361,668
Emprezas Electricas Brasileiras, S. A.	10,000	–	–
Empreza Forca e Luz do Jahu	25,000	–	73,104
Empreza "Orion" de Barretos	11,000	–	229,200
Empreza Electricidade de Rio Preto	7,500	–	180,000
Cia. Forca e Luz de Jaboticabal	10,400	–	140,004
Cia. Electricidade de Taguaritinga	5,000	–	–
South Brazilian Railways Co., Ltd.	75,000	–	–
Cia. Forca e Luz do Parana	20,000	–	–
Cia. Carres Porto Alegrense	59,997	–	843,024
Cia. Energia Electrica Rio Grandense	160,000	–	145,128
Empreza de Electricidade de Araraquara	7,500	–	101,076
Miscellaneous issues	–	–	779,504

The Compañía Sud Americana de Servicios Públicos, a subsidiary of Intercontinents Power Company, owns two properties in Southern Brazil, supplying electric light and power to a population of about 40,000.

The Companhia Telephonica Rio Grandense of Rio Grande do Sul, belongs to the International Telephone and Telegraph Corporation system.

Under the auspices of the International Telephone & Telegraph Corporation, a new international radio broadcasting service has been inaugurated between Buenos Aires and Montevideo. The transmission was accomplished over underground cables of the United River Plate Tele-

phone Company in Argentina, 35 miles of cable of the Sociedad Cooperativa Telefonica of Uruguay passing beneath Rio de la Plata, and the new open wire copper circuit of the Montevideo Telephone Company from Colonia to Montevideo.

Cotton-seed oil mills of the Rosslock Brazil Company and bunkering establishments of the Caloric Oil Company are controlled by American capital.

The Atlantic Refining Company, Brazil, a subsidiary of the Atlantic Refining Company of Philadelphia, was organized under the laws of Delaware in 1922, and has a capitalization of 10,000 shares of $100 par value.

The Standard Oil Company of Brazil, a subsidiary of the Standard Oil Company of New Jersey, was organized in West Virginia in 1911 and has a capitalization of 5,000 shares of $100 par value.

The Texas Company (South America) a subsidiary of the Texas Corporation, has a capitalization of 1,000 shares of $100 par value and markets a complete line of Texaco products throughout the United States of Brazil.

American capital is also invested in shipping companies.

Some of the most important firms, working with United States capital, are:

DuPont de Nemours;
Singer Sewing Machine Co.;
United Shoe Machinery Co.;
General Electric Co.;
All America Cables, Inc.;
Diamond Match Co.;
Ford Co. at São Paulo and Pernambuco;
General Motors Co.

American interests also own two newspapers: The *Brazilian American* and *The River Plate American.*

Prior to the World War, the total of American capital invested in Brazil, aggregated about $50,000,000. Details of American investments in the country, which have been effected since 1914, are presented.

UNITED STATES INVESTMENTS IN BRAZIL

Securities	Amount Issued	Amount Refunded	Price
1916			
São Paulo (City) 6's, 1919–31	$5,500,000	–	96.09–100
Brazilian Traction, Light & Power 6's, 1919	7,500,000	–	99
1919			
Santa Catharina 6's	5,000,000	–	–
São Paulo (City) 6's, 1943	8,500,000	–	95½
Rio de Janeiro (City) 6's, 1922–31	10,000,000	–	–
Brazilian Traction, Light & Power 6's, 1922	7,500,000	$7,500,000	97½
1921			
Brazil 8's, 1941	25,000,000	–	97½
Brazil 8's, 1941	25,000,000	–	98½
São Paulo 8's, 1936	10,000,000	–	97½
Rio de Janeiro 8's, 1946	12,000,000	–	97¾
Rio Grande do Sul 8's, 1946	10,000,000	–	99½
1922			
Brazil Coffee 7½'s, 1955	9,720,000	840,000	97
Brazil Central Railway Electrification 7's, 1952	25,000,000	–	96½
Porto Alegre 8's, 1962	3,500,000	–	99
São Paulo (City) 8's, 1952	4,000,000	–	100
Rio de Janeiro 8's, 1947	13,000,000	10,000,000	103
Santa Catharina 8's, 1947	5,000,000	5,000,000	101
Ceara 8's	2,000,000	–	98
Bahia 8's, 1942	5,000,000	–	99½–100½
Paulista Railway 7's, 1942	4,000,000	–	99
1923			
Maranhao 8's	1,500,000	–	–
Sergipe 8's	1,000,000	–	–
1925			
Santos 10½% notes, 1927	1,700,000	–	–
São Paulo 8's, 1950	15,000,000	–	99½
1926			
Brazil 6½'s, 1957	18,500,000	–	90½
Brazil 6½'s, 1957	35,000,000	–	90
Porto Alegre 7½'s, 1956	4,000,000	–	96
São Paulo (State) 7's, 1956	7,500,000	–	96½
São Paulo Coffee Institute 7's	473,950	–	97½

UNITED STATES INVESTMENTS IN BRAZIL — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1926			
Brazil Babassu Corp. 7% pfd.	$2,500,000	–	–
Rio de Janeiro Wireless	1,000,000	–	–
1927			
Brazil 6½'s, 1957	41,500,000	–	92½
Pernambuco 7's, 1947	6,000,000	–	97¾
Rio Grande do Sul 7's, 1967	10,000,000	–	98
Rio Grande do Sul Municipalities 7's, 1967	4,000,000	–	97
Rio de Janeiro Treasury Notes	1,187,000	–	–
São Paulo (City) 6½'s, 1957	5,900,000	–	98
Bahia Corp. 7% pfd.	1,500,000	–	25
Brazil Gold & Diamond Corp.	1,000,000	–	–
Ford Industrial Co. of Brazil	100,000	–	–
Cia. Telephonica Rio Grandense	1,000,000	–	–
Cia. Brasileira do Energia Elec. / Cias. Linhas Circular e Trilhos Centraes	11,000,000	–	–
Cia. Francana de Elec.	1,500,000	–	–
Pan American Industrial Corp.	3,000,000	–	–
Ribeirão Preto Power & Light	3,600,000	–	–
1928			
Maranhao 7's, 1958	1,750,000	$1,500,000	94
Minas Geraes 6½'s, 1958	8,500,000	–	97½
Parana 7's, 1958	4,860,000	–	98
Porto Alegre 7's, 1968	2,250,000	–	97½
Rio de Janeiro 6's, 1933	1,770,000	–	99
Rio de Janeiro 6½'s, 1953	30,000,000 [1]	13,000,000	97
Rio Grando do Sul 6's, 1968	23,000,000 [1]	–	94¼
São Paulo 6's, 1968	15,000,000	–	94½
Brazilian Portland Cement Co.	3,000,000	–	–
Brazil Rubber Concession	1,500,000	–	–
Brazilian Traction, Light & Power	22,000,000	–	–
Cia. Energia Electrica Rio Grandense / Cia. Carres Porto Alegrense	24,570,000	–	–
Itabira Iron Ore, Ltd.	–	–	–
Pernambuco Tramways & Power Co.	–	–	–
Santos Improvement Co.	–	–	–
1929			
Rio de Janeiro (State) 6½'s, 1959	6,000,000	–	91½

[1] Part of issue sold outside of United States.

Chile

In less than a decade and a half, United States investments in Chile have increased almost thirty-five fold, chiefly as a result of mining development. Although ranking first as an importer of American capital, Chile holds only fourth place among South American nations as an importer of American goods, being preceded by Argentina, Brazil and Colombia. This is partly due to rapid internal development and the expansion of mining activities.

Chile had an area of 289,890 square miles, including Tacna and Arica which are variously reported as 9,266 and 10,672 square miles. Tacna, which has recently been assigned to Peru, is about one-third the area of the entire province.

From 1900 until 1929 Chile's population increased from 3,000,000 to 4,025,000. In the same time, the total trade increased from about $131,000,000 to about $381,000,000 in 1928. United States imports from Chile, comprising over 30% of the total, showed considerable improvement during the first 10 months of 1928, but are still far below the quantity level of 1925 or 1926. Our exports reacted similarly, although 1928 shipments were only 3% more than in the previous year. The decline from the large exports of 1926 is attributable to unusual capital expenditures of that year in railroad, electrical and mining machinery and equipment.

The United States buys from Chile some $70,000,000 worth of products a year, but only for half of this amount are commodities sold from the United States to Chile. Francis R. Hart [1] gives as one of the reasons a certain resentment by Latin Americans against American investments: "The introduction of American capital in a large way for great commercial developments . . . hurts their pride. They welcome the benefits, but, regretting their own insufficiency, they resent the invasion from outside. Particularly is this so in regard to capital from the United

[1] "Our relations with Spanish America," *Chile*, Vol. V, No. 31.

States as its possible corollary, official intervention, is a nearer danger than with British or German undertakings.

"They will realize that we know that international trade to-day is the result not of the march of armies but of the march of intelligent business men whose fortunes depend on the maintenance of international good will."

According to the report of the Central Bureau of Statistics of the Chilean Government, the total foreign trade of Chile for the year 1927 was $333,453,000, of which the total imports represented $129,510,000 and exports $203,943,000.

Countries	Imports		Exports	
	1921	1927	1921	1927
United States	$38,360,078	$38,440,000	$27,178,868	$64,381,000
United Kingdom	37,511,490	23,836,000	24,646,460	72,862,000

Chile's international trade shows a continuously favorable balance.

The commercial secretary of the British legation makes the following statement in his report for 1927:[1]

The Chile of to-day is an entirely different Chile from that of even a few years ago, although very few have yet realized to the full the varied and radical changes which the country, its people and its commerce have undergone. These great changes that have taken place, which have instilled in the people a consciousness of themselves and awakened in them a sense of their power, have not been the work of one man or of one government, but are the natural sequence of the political and social upheavals of the last few years, occurring as they did at that psychological moment when the nation was ripe for social and material development.

The extractive industries account for a major portion of Chile's export trade, copper and nitrates with their by-

[1] Report on the Industrial and Economic Situation in Chile, November, 1927, by W. F. Vaughan Scott, Commercial Secretary to His Majesty's Legation, Santiago (London, 1928).

products comprising over 80% of the total exports. Despite this concentration of products in the export field, these industries have less effect than might be expected upon the economic life of the country as a whole, which has a fairly broad basis of prosperity in its agricultural and manufacturing industries. Nitrate production is of considerable importance, however, in Government revenues and, locally, in the northern part of the country. Restrictions on sales of nitrates removed in June, 1927, by an agreement of the Nitrate Producers Association were reinstated under a plan for cooperative sales imposed by the Government on August 15, 1928, all but the American operators entering under the agreement.

The importance of the nitrate industry can best be illustrated by the fact that cities like Antofagasta and Iquique owe their existence entirely to the development of the nitrate fields. The average annual production is about 2,000,000 metric tons per year. In 1925 the value of the total nitrate production was $125,509,771. In 1913, when all the world's nitrate was supplied by Chile, production stood at 2,738,000 metric tons, but since the rise of the artificial nitrate industry in Europe that figure has not been maintained.

Copper production in 1928 was some 30% larger than in 1927, the investment of United States capital having made Chile the second in rank of copper producing countries. The large copper mines at Chuquicamata and the large Braden mine in the Province of O'Higgins are owned by American corporations, and their product is shipped to the United States and Europe. The total annual copper production amounts to $50,000,000.

In iron as well as in the nitrate industries, American capital is invested. American business men have improved the methods of production and have introduced in Chile recent conceptions as to the responsibility of the workman.

The American Cable Co. and the Santiago Telephone Co. have not only improved the efficiency of those public utilities, but also have established direct communication

with the capitals of Argentina and Uruguay. Telephone lines between all the towns of Chile are under construction. Highways are everywhere under construction to meet the demand for motor traffic.

The most important internal industry is the manufacturing of foodstuffs, employing 16,000 persons, with an invested capital of about $60,000,000 and a yearly output of $100,000,000. The second largest industry is leather, in which nearly 10,000 persons are employed, with an invested capital of $21,000,000. The third largest industry is public utilities, especially gas and electricity, with an annual production of $24,000,000.

Chile is the second largest petroleum consumer of the South American Republics, being preceded only by the Argentine, and annual consumption fluctuates between 700,000 and 800,000 tons. Practically all the oil is landed in the northern ports of Chile for consumption by the nitrate and copper mines and the railways.

Public Finance. The present budget system of Chile was established by a decree of November 13, 1925, on the recommendations of Professor Edwin A. Kemmerer and an American commission of financial advisers whose report was made on the preceding October 3. From 1909 to 1926, there had been only seven annual surpluses, and the cumulative deficit amounted to 161,500,000 pesos. In 1927, the budget began to show a surplus. The public debt at the end of 1926 consisted of:[1] External debt, £26,606,872 and $64,492,335; state guaranties, £6,384,873 and $70,772,915 and 49,504,000 paper pesos; internal debt, 160,588,555 paper pesos and 4,048,000 gold pesos of 36½ c.; floating debt 161,500,000 paper pesos and 150,000,000 gold pesos of 36½ c. The foreign debts were being regularly amortized. It would appear from these figures that the total Chilean public debt is about $375,000,000, of which 75% is held abroad.

The Chilean currency is the peso, the gold peso being originally 18 English pence, or 36.5 cents. The paper peso

[1] Department of Commerce, *Latin American Budgets*, Part II, p. 1, 13, 22.

of the same value fluctuated on exchange. The law of 1926 fixed the value of the gold peso at 6 English pence, or 12.16 cents. The exchange in 1927 averaged very slightly below par.

United States Investments. Although the table herewith shows American investments in Chile of slightly less than $400,000,000, Señor Pablo Ramirez, Minister of Finance of Chile, places our investments in that country at $550,000,000, "surpassing the British outlay," adding that "both investments are protected by legislation which respects all foreign capital." However, in 1925, total American investments, estimated at $440,000,000, were distributed as follows:

Mining properties	$270,000,000
Government loans	100,000,000
Merchandising	22,500,000
Nitrates	40,000,000
Manufacturing	6,000,000
Banking and transportation	1,500,000

At the end of 1928, according to latest and most reliable compilations, American investments in Chile aggregated $618,285,300, distributed as follows:

Government securities	$216,785,300
Mining industries	358,125,000
Manufacturing	11,285,000
Merchandising	22,500,000
Public utilities	6,500,000
Banking	600,000
Miscellaneous	2,500,000

Although British investments have ranked higher than American investments, the latter have been steadily increasing while the former are declining. The British investments are the more widely distributed. Of British capital, 32% is invested in Government and municipal loans; 20% in railways; 15% in tramways and electrical industries; and 13% in nitrates and mining. About 40% of the total investment in Chilean railroads is British capital.

British investments in Chile in 1924 were placed at about $300,000,000, distributed as follows:

Government bonds	£28,774,820
Railways	19,004,601
Miscellaneous	13,788,155
TOTAL	£61,567,576

According to a statement of the British commercial secretary to the legation in Santiago, British capital invested in Chile exceeds £100,000,000.

Not only has American capital entered all of the larger mining and producing industries, but banks, railroads, steamship lines and manufacturing plants have been created or acquired by Americans. There are also American investments in Government securities, and the investments of individuals resident in Chile are of considerable size in the aggregate.

For the purpose of carrying out the public works program in a number of Chilean cities, a consolidated municipal loan to the amount of $15,000,000 was offered in the United States in August 1929. Bonds bear interest at the rate of 7% per annum and are due in 1960. The issue was offered at 94 and interest. About 65 municipalities will participate in the program, and include Santiago, Valparaiso and practically all important cities in Chile, with a population of 1,907,420, or more than 45% of the total population of the Republic.

Insurance underwritten by United States companies and outstanding on December 31, 1924, amounted to:

	Paper Pesos
Life insurance companies	267,073,614
Fire insurance companies	94,362,524
Re-insurance companies	926,627

Railways. In 1923, American investments in Chilean railways were estimated at about $18,000,000. Since 1914 the state railways have been autonomous. In 1921 and 1922 the state railways contracted loans in New York to a total value of £5,000,000 for the purpose of acquiring equipment and effecting such improvements as the electrification of the line from Valparaiso to Santiago and the

branch to Los Andes. Since that time additional capital has been raised in the American market.

Of the Chilean-Transandine Railway, connecting Chile with Argentina, the Chilean Government holds 71% of the stock and the remainder is held by the London branch of J. P. Morgan & Co. and by W. R. Grace & Co.

Nitrate Lands. The Guggenheim interests purchased the Coya grounds from the Chilean Government in 1924 for $3,420,000. The American investments in nitrate have since grown to several times that figure.

The Lautaro Nitrate Company, Limited, an English concern, in 1929 owned 26 plants in operation and about 418 square miles of lands estimated to contain some 30,000,000 metric tons of nitrate recoverable under the Shanks process. In June, 1929, the company issued $32,000,000 of first mortgage 6% convertible gold bonds, due 1954, on the New York market and announced that it was intending to equip a plant with the process of nitrate recovery developed by the Guggenheims, which is 100% more efficient and 40% less costly than the Shanks. The Guggenheim Brothers own more than a majority of the common stock of the Anglo-Chilean Consolidated Nitrate Corporation and are organizing the Lautaro Nitrate Corporation, incorporated in Delaware, whose capitalization will consist of 4,000,000 shares of common stock, over 50% of which will be owned by the Anglo-Chilean Corporation. The convertible bonds of the Lautaro Nitrate Company will be accompanied by warrants entitling holders to receive on January 1, 1930, 10 shares of common stock in the corporation for each $1,000 bond without cost. The Lautaro Nitrate Company has assets of over $85,000,000.

W. R. Grace & Co. and the DuPont interests have been for years in the nitrate business, but not on a large scale.

Mining. The total of American investments in the mining industry exceeds $260,000,000. By far the larger part is invested in the copper mining industry, with an increase of 400% since 1908.

The two principal American companies engaged in the

field are the Chile Copper Co. (capital $110,000,000) operating the mines at Chuquicamata and the Braden Copper Mines Co. The former is controlled by the Anaconda Copper Mining Co., and is capitalized at $109,776,500 stocks and $35,000,000 bonds. The same company controls also the Andes Copper Mining Co. and the Santiago Mining Co. The Andes Copper Mining Co. has invested $40,000,000 in the completion of mining development, construction of metallurgical plant, railway equipment and in working capital. Andes was incorporated in 1916 under the laws of Delaware with 2,000,000 shares of $25 par value, of which 1,228,863 shares are outstanding. Through the Andes Exploration Company, a Delaware concern with 150,000 shares of $10 par value all owned by Anaconda, the latter controls the Santiago Mining Co., organized in Delaware with 400,000 shares of $25 par value of which 328,271 shares are outstanding, Anaconda owning 257,705 shares.

In 1916, Chile Copper acquired the Cia. de Minas y Fundiciones de Calama.

American Smelting controls the Soc. de Minas y Fundiciones de Carrizal which in turn owns the Caldera Copper Smelter.

The Fundicion de Guayacan is owned by the South American Metal Co., a Lewisohn concern organized in 1917. The Guaycan Co. was also formed in 1917 with 150,000 shares of £1 par value, of which the South America Metal Co. owns 120,750 shares.

The Braden Copper Mines Co. is controlled by the Kennecott Copper Co. and has an outstanding capital of $12,953,530. The Tamaya Copper Co. is capitalized at $5,000,000.

An American combination recently bought the gold mines of Cerro Pillag for 1,000,000 paper pesos ($424,500).

The Bethlehem Chile Iron Mines Co. has leased deposits of about 1,000,000,000 tons in the Coquimbo district.

Other Interests. Ford & Co., Grace & Co. and the West India Oil Co. are estimated to have investments in Chile aggregating more than $6,000,000.

Merchandising interests are valued at $22,500,000, represented by the United States Steel Products Co., the Singer Sewing Co., the United States Rubber Co. and the United Shoe Machinery Corporation.

The only railroad controlled by American capital is the Anglo-Chilean-Consolidated Nitrate Corporation, running from Tocopilla to the nitrate fields of this company.

The International Petroleum Co., Ltd., owns tanks and distributing stations.

The All-America Cables has investments of at least $500,000.

The Intercontinents Power Company owns the outstanding capital stock, except qualifying shares, of Compañía Sud Americana de Servicios Publicos of Antofagasta, supplying electric light and power to a population of 65,000.

The Radio Corporation of America has a small investment in a wireless station in Chile, operated by the Compañía Internacional de Radio of Chile.

The banking house of J. P. Morgan, together with W. R. Grace & Company, are understood to own a 29% interest in the Chilean Transandine Railway Company. The capital stock of the latter consists of 1,500,000 ordinary shares of £1 par value, and was originally issued in payment for concessions and to contractors.

The Chile Telephone Company, Limited, belongs to the International Telephone and Telegraph Corporation system, with which is also associated the International Radio Company of Chile. The Chile Telephone Company had over 31,000 telephones in service in 1928. It was incorporated in 1889 to take over the assets of an American company which had commenced business in 1885. In 1890 it absorbed the National Telephone Co. of Chile, receiving a new concession expiring in June, 1944. In 1927, International Telephone acquired 98% of the stock of the Chile Telephone Co., Ltd., or 882,000 shares out of a total of 900,000 shares at £8 per share. With the exception of 1924–25 when 5% was paid on £5 par value shares, Chile Telephone has for the past ten years paid 6% dividends.

In 1924, a 20% stock dividend was paid in addition to the regular 6% cash dividend. The purchase was, therefore, made on a 3.75% yield basis.

In January, 1929, American and Foreign Power acquired from the Whitehall Electric Investments, Ltd., all its holdings in Chile, including the Cia. Chilena de Electricidad, Ltd., and the Cia. de Electricidad de Valparaiso.

The National City Bank of New York has a branch with a declared capital of $500,000.

The only English language paper in Chile "The South Pacific Mail" is also controlled by United States capital.

In 1912, the total amount of American capital invested in Chile aggregated $15,000,000, or only 8.6% of our total investments in South America. American investments made in Chile during the period 1913–28 are presented in detail in the subjoined table.

UNITED STATES INVESTMENTS IN CHILE, 1913–28

Securities	Amount Issued	Amount Refunded	Price
1915			
Chile Copper Co. 7's, 1925	$15,000,000	–	–
Water Co. of Valparaiso 6's, 1938	471,000	–	–
1916			
Braden Copper Mines 6's, 1931	15,000,000	–	99
Antofagasta & Bolivia Ry. 6's, 1918	3,000,000	–	–
1917			
Chile Copper Co. 6's, 1932	35,000,000	–	100
1919			
Kennecott Copper Co., 1920	6,000,000	–	99½
1920			
American Metal Co. (shares)	7,000,000	–	–
1921			
Chile 8's, 1941	24,000,000	–	99
Chile 8's, 1926	9,500,000	–	99
Chile 8's, 1946	10,500,000	–	99½

UNITED STATES INVESTMENTS IN CHILE, 1913–28 — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1922			
Chile 8's	$1,350,000	–	–
Chile 7's, 1942	18,000,000	–	96½
Valparaiso-Vina del Mar 8's	720,000	–	–
1924			
Andes Copper Co. 7's, 1943	40,000,000	–	100
Chile (acquisition of nitrate lands)	3,500,000	–	–
Chile treasury notes	4,500,000	–	–
Anglo-Chilean Consolidated Nitrate 7's, 1945	16,500,000	–	100
Chilean Mortgage Bank 6½'s, 1957	20,000,000	–	97⅜
Valdivia Iron & Industrial Corp.	3,285,000	–	–
Chile 6's, 1960	42,500,000	$4,500,000	–
Chilean Mining Corp.	125,000	–	–
Chile Copper Co. 5's, 1947	35,000,000	34,990,500	96¾
Mortgage Bank of Chile 6¾'s, 1961	20,000,000	–	99¼
Mortgage Bank of Chile 6's, 1931	10,000,000	–	98¾
1927			
Chile 6's, 1961	27,500,000	–	93¼
Chile 8's, 1932–48	883,300	–	100
Chile State Ry. Notes, due 1928	5,800,000	–	–
Santiago 1-year 6's, 1928	1,000,000	–	100.87
Telephone Co. of Chile	3,500,000	–	–
1928			
Chile, railway refunding 6's, 1962	39,912,000	32,000,000	93½
Chilean Radio Development	60,000	–	–
Chile 6's, 1961	16,000,000	–	94
Santiago 7's, 1949	4,000,000	1,000,000	100¼
Andes Copper Corp.	–	–	–
Chile Agricultural Mortgage Bank 6's, 1961	20,000,000	–	95¾
Intercontinents Power Co., 6% Debentures, 1948	1,500,000	–	96
Santiago General Construction Co.	2,000,000	–	–
1929			
Chile 6's, 1962	8,400,000	–	93.5
Mortgage Bank of Chile 6's, 1962	20,000,000	–	92

Colombia

The area of Colombia is about 495,500 square miles and offers a wide range of physical characteristics from cool highlands to tropical lowlands. The productive area is found principally on the plateaus and slopes formed by the three ranges of mountains in which the Andes terminate as they approach the end of the continent. Bogotá, the national capital, is situated almost in the center of the highlands at an altitude of 8,680 feet. In the interior there are two wet and two dry seasons, the former lasting from March to May and from September to November. The total population of Colombia is estimated at about 7,280,000, living mostly in the more advanced agricultural regions.

Modern immigration has not had such an influence on the Colombian people as on other Latin American countries. In the cool higher country, Caucasian characteristics predominate, while in the lowlands are found the original Indians, often mixed with descendants of African slaves who were imported to work on the plantations in colonial times.

Colombia has most valuable mineral resources, but is still living in the agricultural stage. Its range of products is exceptionally wide, from the wheat and barley of the high country to bananas which grow at the sea level. Coffee is the most important agricultural crop. Bananas rank second. But grain and sugar are also raised, the former on the plateau of Cundinamarca, the latter in the lower country, especially in the Cauca Valley. Tobacco and cotton are grown successfully. Rice is the ordinary foodstuff and is imported in large quantities.

Coffee is the dominant factor in Colombian economy, despite increasing petroleum production and exportation, and despite the fact that coffee now forms only about 60% of Colombia's exports as compared with over 80% prior to 1926. The petroleum developments are important in Government revenues and in the local prosperity of the

sections where the exploitation is taking place, but have little effect upon the economic life of the country as a whole, aside from their considerable influence in political affairs. Coffee, on the other hand, affects, directly or indirectly, probably 80% of the population of the country, and economic trends in the immediate future must necessarily depend upon the future world coffee prices and production, largely controlled by Brazil. As a result of high prices and fair crops, Colombia has enjoyed four years of extraordinary prosperity, which has led to considerable real estate speculation and inflation, as well as to heavy external loans, despite the appearance of internal prosperity. Borrowings from abroad by national, state and municipal governments attained such proportions that they became a source of recognized danger to the stability of the country, particularly in view of the fact that no definite constructive program has been decided upon for the expenditure of these funds.

United States imports from Colombia, which comprise more than three-fourths of Colombia's exports to the world, have shown a considerable increase, owing chiefly to high coffee prices and to petroleum shipments, which commenced with the installation of the pipe line from the oil fields to Cartagena in July, 1926. Petroleum exports from Colombia were valued at $9,000,000 in 1926 and $22,400,000 in 1927, and exports for the first 10 months of 1928 are valued at $21,465,000. Disregarding petroleum shipments, United States imports in 1926 were 31% more than in the previous year; they declined 10% in 1927 and increased during 1928 to $94,600,000. United States exports to Colombia were exceedingly high in 1926, owing to the unusual prosperity and inflation, but even more largely to heavy expenditures for machinery and equipment by the oil companies, railroads, etc. They declined slightly in 1927, but 1928 gave the record figure of $58,600,000.[1]

Colombia was well known in the Spanish colonial days for its gold mines and the present annual export of gold to

[1] Based on George J. Eder, "Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

the United States has a value of nearly $2,000,000. The export has decreased because the gold is now used in Colombia itself for coining and as a gold reserve.

Quite remarkable is the production of platinum, of which the annual output ranks Colombia close to Russia. Russia formerly produced 92 to 96% of the total world supply of platinum, but Colombia produces at present about 25% of the total output. Exports of platinum from Colombia into the United States are: [1]

PLATINUM EXPORTS TO UNITED STATES

Year	Quantity (Troy Ounces)	Value
1922	37,230	$2,936,487
1923	32,287	3,162,816
1924	43,463	4,033,370
1925	33,595	3,019,826
1926	39,004	3,488,563
1927	52,048	4,397,833

Public Finance. The budget of Colombia showed a surplus until 1926. On June 30, 1927, the total debt amounted to $20,818,000, or about $3.00 per capita. But in the same year this was increased by a loan of $25,000,000, and an additional loan of $35,000,000 was floated in New York in 1928.[2] These loans increased the net total to about $75,000,000. After their flotation, the Colombian national debt was not much more than one year's revenue. However, the liabilities of the central Government with respect to foreign loans contracted under its guaranty and by the departments and municipalities in 1928 caused the secretary of finance to state quite frankly that the foreign

[1] Memorandum for the use of the Members of the International Economic Conference, by Dr. Esteban Jaramillo, Senator (July, 1926); but compare Department of Commerce, *Commerce Yearbook*, 1928, II, p. 173.

[2] *Colombian Public Finance*, by Charles A. McQueen (Department of Commerce, Trade Promotion Series, No. 43); *Latin American Budgets*, Part III, p. 1; *Commerce Yearbook*, 1928, Vol. II, p. 174.

loans contracted in the last three years had reached such a point that the credit, not only of the borrowers, but of the central Government as well, is endangered.

American investors, up to September 26, 1928, had bought bonds of the central Government, the government-guaranteed Agricultural Mortgage Bank, and the several departments and municipalities to the extent of $191,550,-557 of which $171,074,557 represented new capital. This is seen by analysis of Colombian foreign borrowings during recent years.

"Prior to 1920 Colombia's foreign loans had been floated almost exclusively in Europe. In the eight years that have since elapsed, practically all of the foreign financing by the central Government, the departments, the municipalities and the mortgage banks has been in the United States. In fact, the only financing done in Europe during this period was a £1,600,000 loan contracted by the Mortgage Bank of Bogotá in June, 1928. Meanwhile, loans aggregating no less than $235,800,557 were floated in the United States, of which some $215,324,557 represented new American capital invested in Colombian securities.[1] The net amount of capital flotations, distributed according to the borrowing entities, were as follows:

Central Government	$64,445,207
Agricultural Mortgage Bank bonds (guaranteed by central Government)	16,000,000
Departments	64,520,250
Municipalities	25,109,000
Miscellaneous private bank bonds	21,904,000
Mining companies	1,500,000
Oil companies	20,846,000
	$215,324,557

"Since our purpose is to ascertain the extent to which Americans have invested in the securities of public entities, there should be deducted the $21,904,000 representing

[1] From circular of the Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Finance, Grosvenor M. Jones, chief.

loans of mortgage banks whose bonds are not guaranteed by the Government, or American purchases of shares in private banks; we must deduct also the loans floated by mining and oil companies. This leaves $171,074,557 which we may take as the amount of capital placed by American investors in the public securities of Colombia during the last eight years.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Republic of Colombia	$445,307	May, 1920	–	7	Purchase of locomotives.	Credit by a North American locomotive company.
Republic of Colombia	5,000,000	Nov., 1922	5	6½	Retire floating debt and other purposes.	$1,000,000 refunding.
Republic of Colombia	10,000,000	Aug., 1926	½	5½	Not stated.	Bankers' advance repaid from $25,000,000 loan.
Republic of Colombia	25,000,000	Sept., 1927	33	6	Retire short-term loan and public works.	$10,000,000 refunding.
Republic of Colombia	35,000,000	Mar., 1928	33	6	Highway construction.	
Total	$75,445,307 [1]					
Agricultural Mtg. Bk.	$3,000,000	May, 1926	20	7	Provide working capital.	
Agricultural Mtg. Bk.	3,000,000	Feb., 1927	20	7	Provide working capital.	
Agricultural Mtg. Bk.	5,000,000	Oct., 1927	20	6	Provide working capital.	
Agricultural Mtg. Bk.	5,000,000	Apr., 1928	20	6	Provide working capital.	
Total	$16,000,000					
Total Liability of Republic	$91,445,307	–	–	–	– –	$11.000,000 refunding.

Dept. of Antioquia	$3,000,000	Oct., 1925	20	7	Retire debt and for railroads.	
Dept. of Antioquia	6,000,000	Apr., 1926	20	7	Retire debt and for railroads.	
Dept. of Antioquia	3 000 000	Oct. 1926	20	7	Retire debt.	
Dept. of Antioquia	820,250	Nov., 1926	20	8	Highways.	
Dept. of Antioquia	2,500,000	Feb., 1927	20	7	Railroads.	
Dept. of Antioquia	4,000,000	July, 1927	30½	7	Retire internal debt and for highways.	
Dept. of Antioquia	4,000,000	Nov., 1927	30½	7	Retire internal debt and for highways.	
Dept. of Antioquia	3,750,000	Feb., 1928	20	7	Retire internal debt and for highways.	
Dept. of Antioquia	4,350,000	June, 1928	30	7	Retire debt and for highways.	
Total	$31,420,250					
Dept. of Caldas	$6,000,000	Mar., 1926	20	7½	Railways and roads.	
Dept. of Caldas	4,000,000	Nov., 1926	20	7½	Railways and roads.	
Dept. of Caldas	200,000	Aug., 1927	19	6	Not stated.	Probably bankers' advance.
Total	$10,200,000					
Dept. of Cauca Valley	$4,500,000	Sept., 1928	20	7	Public works, including highways.	
Dept. of Cauca Valley	1,400,000	July, 1922	10	7	Port works.	

[1] Does not include issues floated originally in sterling and resold in the United States. Such a case, for instance, is the £200,000 of the 1913 sterling loan, offered to United States investors in January, 1922.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES — *Continued*

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Dept. of Cauca Valley	$2,500,000	Oct., 1926	20	7½	Retire debt, highways and railways.	$750,000 refunding.
Dept. of Cauca Valley	1,500,000	July, 1927	20	7½	Railways and highways.	
Total	$9,900,000					
Dept. of Cundinamarca	$3,000,000	Dec., 1926	20	7	Railways.	
Dept. of Cundinamarca	750,000	Early 1928	–	–	General expenses.	Bankers' advance.
Dept. of Cundinamarca	12,000,000	June, 1928	30	6½	Retire debt, highways and railways.	$3,500,000 refunding.
Total	$15,750,000					
Dept. of Tolima	$2,500,000	Jan., 1928	20	7	Retire debt, highways and railways.	
Total Departmental Loans[1]	$69,770,250	–	–	–	– –	$4,250,000 refunding.
Municipality of Barranquilla	$500,000	Aug., 1925	10	7	Public improvements, especially water works.	
Municipality of Barranquilla	500,000	Dec., 1925	15	8	Public improvements, especially water works.	

Municipality of Barranquilla	500,000	Jan., 1927	20	8	Public improvements, especially water works.	
Total	$1,500,000					
Municipality of Bogotá .	$6,000,000	Oct., 1924	31	8	Retire debt and municipal improvements.	
Municipality of Bogotá .	2,700,000	July, 1927	20	6½	Reimburse city for purchase of light and power companies.	
Total	$8,700,000					
Municipality of Cali . .	$2,000,000	July, 1927	20	7	Retire debt, improve water supply and other productive purposes.	
Municipality of Cali . .	635,000	May, 1927	20	7		
Total	$2,635,000					
Municipality of Medellin .	$2,500,000	1920	3½	6	Public works.	Retired by $3,000,000 loan of 1924.
Municipality of Medellin .	3,000,000	June, 1924	25	8	Retire debt and public utilities.	$2,500,000 refunding.
Municipality of Medellin .	3,000,000	Jan., 1927	25	7	Public utilities.	

[1] Does not include $1,000,000 reported to have been obtained by the Department of Huila and listed by the Banco de la República in its compilation of foreign loans contracted by Colombian departments in its issue of December, 1927.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES — *Concluded*

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Municipality of Medellin	$9,000,000	June, 1928	26	6½	Retire external and internal debt. public utilities, sewer and paving work.	
Total	$17,500,000					$2,726,000 refunding.
Total Municipal Loans	$30,335,000	–	–	–	– –	$5,226,000 refunding.
Total loans to Central Government, Agricultural Mortgage Bank, Departments and Municipalities	$191,550,557					
Banco Hipotecario de Colombia.	$6,000,000	Nov., 1926	20	7	Provide working capital.	
Banco Hipotecario de Colombia.	3,064,000	Feb., 1927	20	7	Provide working capital.	
Banco Hipotecario de Colombia.	4,000,000	Nov., 1927	20	6½	Provide working capital.	
Banco Hipotecario de Colombia.	1,840,000	Apr., 1928	–	–	American shares.	
Total	$14,904,000					
Banco Hipotecario de Bogotá	$3,000,000	May, 1927	20	7	Provide working capital.	

Banco de Colombia . .	$2,000,000	May, 1927	20	7	Provide working capital.	
Banco de Colombia . .	2,000,000	May, 1928	20	7	Provide working capital.	
Total	$4,000,000					
TOTAL TO PRIVATE BANKS .	$21,904,000					
TOTAL TO MINING COMPANIES	$1,500,000					
TOTAL TO OIL COMPANIES .	$20,846,000					

RECAPITULATION

Loans to —	
Central Government	$75,445,307
Agricultural Mortgage Bank	16,000,000
Departments	69,770,200
Municipalities	30,335,000
Private banks	21,904,000
Mining companies	1,500,000
Oil companies	20,846,000
Total	$235,800,557

"The total revenues and expenditures of the Republic of Colombia during the last five years have been as follows:

Year	Revenues (Pesos)	Expenditures (Pesos)	Surplus (Pesos)
1923	43,535,105	38,554,577	4,980,528
1924	39,862,320	38,913,531	948,789
1925	51,517,758	50,571,409	946,349
1926	60,648,914	68,648,685	7,999,771 [1]
1927	78,992,471	86,012,827	7,020,356 [1]

"According to these figures, the net result of the financial operations of the republic during the last five years has been a deficit of approximately 8,144,461 pesos. The data for 1927 are taken from the August bulletin of the Banco de la Republica. It should be stated that the revenues for 1927 include 15,724,982 pesos, representing part of the $25,000,000 loan floated in the United States."

In 1928 there was considerable discussion in the Colombian press of the large volume of foreign loans contracted by the various departments and municipalities of the republic and secured, as a rule, by the pledge of the most productive revenues of the borrowing entities. It was felt that the credit of the republic was threatened by this increasing drain upon the nation's revenues. The minister of finance decided to place the issue squarely before the Colombian Congress, and proposed the enactment of legislation giving the national Government complete control over the contraction of future loans by Colombian departments and municipalities. The Colombian Congress in Law 6, June 5, 1928, passed the necessary legislation. Mr. Jones states:

The new law provides that future loans, either foreign or domestic, must be for public purposes. Departmental assemblies,

[1] Deficit.

in authorizing loans, must show that the proceeds are to be used for such purposes. In the case of foreign loans, there is necessary, in addition, the approval of the President of the republic, the Executive acting only after the council of ministers has rendered an opinion in the matter. The governor of any department intending to initiate negotiations for a foreign loan must advise the central Government of the fact, indicating the general lines upon which negotiations are to be conducted. The Government will not approve any departmental loans unless the exact work that is to be done and the advisability and benefits thereof are set forth clearly. There must be given also a copy of the ordinance authorizing the negotiation of the loan and a statement of the manner in which the proceeds are to be disbursed.

In the case of municipal loans a somewhat similar procedure must be followed. Municipal councils may undertake loan negotiations only after authorization therefor has been granted by the Government; such authorization is given only upon favorable recommendation of the cabinet. To obtain the authorization mentioned application must be made to the Government, accompanied by an exposition of the works to be carried out, proof of their desirability and utility, and a copy of the resolution authorizing such works. As in the case of departmental loans, municipal loans must be employed solely for purposes clearly of a public nature. Only under these conditions may the Government authorize the contraction of either a foreign or domestic loan by municipalities. Only under these conditions may authority be granted for hypothecation of municipal properties and pledge of municipal revenues for service on such loans.

If this program is carried out, the national Government will henceforth demand that public works constructed from loans be in accordance with a definite plan.

Even if a public purpose be proved, however, departments and municipalities will not be allowed to borrow unrestrictedly, for the new law provides that the Government will not approve the contraction of a foreign loan if the public service is affected adversely by the requirements of interest and amortization payments. In no instance will the Government consent to a foreign loan when the amounts necessary for the service of the public debt (including the service of the proposed loan) constitute more than 20% of the borrower's ordinary revenues, excluding, in the case of revenues collected by the departments, the municipal participations in such revenues. In the case of loans secured by public enterprises not

considered in the regular budget, the total debt service charges may not be more than the net revenues of the enterprise.

These regulations, if carried into effect, will necessarily result in the restriction of Colombian departmental loans to those necessary for the public welfare, and to such amounts as can be easily serviced. Departments and municipalities may still borrow to convert obligations previously outstanding, however, upon the authorization and approval of the Government. It is not quite clear whether the restrictions applicable to the contraction of loans for public works also apply to conversion loans. If not, the permission to contract such loans seems an unfortunate weakness in the new law. There is no real impediment to the contraction of internal loans by the departments and municipalities, and unless the 20% restriction applies to foreign loans for refunding such obligations, the whole aim of the Government is liable to be thwarted. It is true that even refunding loans must be approved, but it is doubtful whether the central Government would object to a loan proposed by a strong department or municipality, unless it were acting in accord with some general policy.

Colombia is on the gold standard, the unit of currency being the peso valued at one-fifth of the pound sterling or 97.33 cents. Cable transfers at New York have averaged par for several years.

Oil Development. Of particular importance is the amount of American capital invested in Colombian oil. In order to develop the immense acreage recently bought by the International Petroleum Co., Ltd., a subsidiary of Standard Oil of New Jersey, there is said to have been spent an amount of $25,000,000.

International acquired in 1920 control of the Tropical Oil Company, a Delaware corporation, organized in 1916 with 2,000,000 shares of $25 par value of which 1,575,000 are outstanding. Tropical Oil acquired the De Mares concession of 2,000,000 acres stretching 70 miles along the Magdalena River for an average depth of 30 miles. A railroad and pipe lines have been constructed from the wells to the Magdalena River and a refinery and storage tanks have been erected at Barranca-Bermeja. The output in Colombia amounted for the first nine months of

1928 to 16,548,928 barrels, against 15,002,175 in 1927, 6,443,548 in 1926, 1,006,708 in 1925 and 447,743 in 1924.

The Colombia Syndicate holds leases on one million acres. A part of its shares are owned by the Tidal Osage Co., controlled by the Tide Water Oil Co. The South American Oil and Development Co. will develop the Colombia oil properties of the Colombia Syndicate; this concern is controlled by British and American oil companies, the latter including the Standard Oil Co. of Indiana. The Colombia Syndicate, organized in 1919 in Delaware, owns over 1,000,000 acres of selected oil lands in Colombia. Capitalization consists of 3,000,000 shares of $1 par value, of which 2,550,000 shares are outstanding. The Atlantic Gulf & West Indies Steamship Lines own 617,000 shares. In 1920, 150,000 shares were offered for public subscription at $1 per share.

The Colombian Atlantic Refining Company was organized in Delaware in 1925 with a capitalization of 1,000 shares of $100 par value.

The Cities Service Co. (Henry L. Doherty & Co. interests) owns $3,750,000 of the $5,000,000 stock of the Colombia Petroleum Co. American banking and business interests own 50% of the royalty interest of the Barco concession. Lease on the concession is held by the Colombia Petroleum Company.

The Carib Syndicate controls and owns contracts on extensive oil lands in Colombia and Venezuela. Carib Syndicate, Ltd., was organized in 1913 under the laws of the State of New York to acquire holdings, especially in the Magdalena District in Colombia and the Maracaibo District in Venezuela, aggregating about 4,000,000 acres. It owned originally the Barco concession covering 1,250 square miles in North Santander, which has been transferred to the Colombian Petroleum corporation, of which Carib owns one-fourth interest, Gulf Oil Corporation owning the remainder. It also owned about one-fourth of the stock of the Colon Development Company, Ltd., which has been acquired by the Colon Oil Corporation,

Carib receiving 550,000 shares which were distributed to Carib stockholders, one for each share of Carib held. In addition, it still retains the rights on the Vigas concession, which is the principal property of the Colon Development Company, Ltd. It also controls the Equatorial Oil Company, which owns about 29,000 acres of land in the Magdalena Valley, adjacent to the Tropical Oil Company. It also owns one-half interest with the Prudential Oil Company in properties at Honda, aggregating 35,000 acres in Colombia. It owns further the entire capital stock of the Carib Company, which was organized in Maine in 1921, with $268,825, divided into shares of $25 par value. Capitalization consists of 800,000 shares of 25 cents par value, of which 550,000 shares have been issued.

The Colombian Petroleum Company was organized in 1917 in Delaware to control through stock ownership the Compañía Colombiana del Petróleo, which was organized in 1918 under the laws of Colombia for a period of 50 years, to acquire the Barco oil concession covering about 1,500,000 acres of land situated in the Northern Department of Santander. The concession was canceled by the Colombian Government during the latter part of 1926 and recanceled on different grounds in 1928. The company now holds the Barco concession. Capitalization consists of 2,000 shares of $100 par value, all owned by the Colombian Petroleum Company, in which Gulf Oil Corporation owns 75%. The capitalization of the Colombian Petroleum Company consists of 50,000 shares of $100 par value.

The Transcontinental Oil Company, a Delaware corporation, organized in 1919, acquired a large acreage of oil territory in Colombia, including 24½% in 838,000 acres in which Standard of California owns one-half interest. Transcontinental also owns 85.7% interest in the Mid-Colombia Oil and Development Company, which holds leases on approximately 920,000 acres.

The Bogotá Syndicate of New York has under lease 1,000,600 acres in Colombia of which 420,000 acres are in the Magdalena Valley and the remainder in the Llanos

section. The capitalization consists of 8,000 units of which 5,000 are outstanding.

The Colombian American Corporation of New York owns considerable oil-bearing acreage in the Republic of Colombia.

The Emerald Oil Co. and the Granada Oil Corporation are American corporations with a capital of $5,000,000. The Mid-Colombian Oil Development Co. holds leases on approximately 920,000 acres. The Central American Petroleum Co. holds 4,000,000 acres in Colombia and Honduras. The Union Oil Co. of California owns over 400,000 acres.

The Colombian Oil Concessions was organized in Delaware to acquire through the issue of 650,000 shares without par value the ownership of all the stock of the Bankers Company of Colombia. The latter was incorporated in Colombia and is owner, lessee, concessionaire owning and controlling under various concessions right in and properties covering 13,604,760 acres in Colombia. It has also acquired an undivided seven-eighths interest in the subsoil rights in properties aggregating 11,115,000 acres with respect to which litigation to clear title is pending. The company's capitalization consists of 1,000,000 shares, of which 750,000 shares are outstanding. In 1927, 100,000 shares were offered for public subscription at $6 per share.

The Cucuta Syndicate of New York owns leases in the Department of North Santander in the Republic of Colombia.

The Equatorial Oil Company of New York, organized with a capitalization of 1,500,000 shares of $10 par value, owns 29,000 acres in Colombia. The Carib Syndicate owns 60% of the stock, the remainder being in the hands of the public, principally Pennsylvania interests.

The Granada Oil Corporation owns one-eighth interest in Nato Petroleum Corporation, operating subsidiary of the Magdalena Syndicate, which owns leases in Colombia formerly owned by Granada. The latter is not actively engaged in business.

The Intercontinent Petroleum Company of New York has a capitalization of 5,000,000 shares of $5 par value. In addition to oil properties which the company owns in Colombia, it also holds 80% of the Cachavi Company, which owns title in fee to about 300,000 acres along the Cachavi River in Ecuador. The company further owns the Tachira property in Venezuela and leases in Guatemala.

The Latin America Petroleum Corporation of California, controlled by the Standard Oil Company of California, has a capitalization of 2,500,000 shares of $10 par value, of which 2,100,000 shares are issued. The company controls the Latin America Petroleum Co. in Colombia, which is engaged in exploring and developing oil lands in the Republic.

The Leonard Oil Development Company was organized in Delaware in 1922, with a capitalization of 2,000,000 shares of $25 par value of which 1,856,052 shares are outstanding. The company owns under lease and in fee extensive properties in Colombia and Ecuador.

The Magdalena Syndicate of New York controls a seven-eighths interest in the Nato Petroleum Corporation, the balance being owned by Granada Oil Corporation. Capitalization consists of 1,000,000 shares of $1 par value, of which 850,000 shares are outstanding. The company owns leases of about 65,000 acres in the Magdalena River Valley in Colombia.

The Mid-Colombian Oil Development Company is being operated in Colombia jointly by the Transcontinental Oil Company and the Standard Oil Company of California. It has 6,000 acres in leases in the Guataqui and Carmen districts in Colombia.

The Nato Petroleum Corporation was organized under the laws of Delaware in 1926 to develop the holdings of the Magdalena Syndicate. The company owns leases of about 10,000 acres adjoining the leases of the Magdalena Syndicate.

The Rico Oil Company of New York owns 125,000 acres of oil-bearing lands in Colombia.

The Sogamosa Petroleum Corporation was organized in Delaware in 1926 with a capitalization of 1,000,000 shares of $5 par value, none of which has been issued. The company owns in fee properties in Colombia approximating 45,000 acres.

The South American Gulf Oil Company, a subsidiary of the Gulf Oil Corporation of Pennsylvania was organized in 1916 under the laws of Delaware, with a capitalization of 1,000 shares common of $25 par value. The company operates the properties of the Leonard Oil Development Company, and has also undertaken to develop the property of the Equatorial, consisting of about 30,000 acres.

The South American Oil Company was organized in Delaware in 1925 with a capitalization of 1,000,000 shares of $5 par value. The company owns 500,000 acres in the Republic of Colombia.

South American Oil fields was incorporated under the laws of Delaware in 1923 with 2,500,000 shares of $1 par value. It holds 7,800 acres in the Magdalena basin in Colombia, one-half interest in the United Venezuela Oil fields in Venezuela, 5,276 acres exploitation tracts and 165 exploration tracts and is negotiating for about 33% interest in Venezuela tracts of 700,000 acres. The company also holds a substantial interest in the Venezuela Colombian Corporation.

The Torcoroma Corporation was organized in Delaware in 1922, and has a capitalization of 500,000 shares of $10 par value of which 200,000 are outstanding. Properties comprise 126,233 acres in the Department of Magdalena, Colombia.

Other American oil companies are: The Island Oil and Transport Co., the Gulf Co., the Sinclair Oil Corporation, Ohio Cities Gas Co., Boone Oil Co., Atlanta Oil Co.[1]

The emergency act of November 17, 1927, has aroused some interest in the oil world. This law provides:[2]

[1] *Cf.* Robert W. Dunn, *American Foreign Investments*, p. 75.

[2] Colombia, Decreto No. 150 de 1928 — Sobre Hidrocarburos y exposicion de motivos; Ley 84 de 1927 — Sobre Hidrocarburos.

Art. 1. The nation reserves for itself the property and the right to exploit privately the deposits of hydrocarbons that may exist in the public lands and those deposits which may belong to it by any title whatever.

This rule shall also apply to those hydrocarbons that may exist in lands on which grants, leases or permissions have been given, either for exploration or exploitation, and which may have reverted or may revert to the nation's domain for any cause whatever.

Should the Government, for the especial benefit of the oil deposits referred to in this article, exert the powers given to it by existing laws, it shall submit the respective contracts to the approval of Congress.

Art. 4. The industry of exploiting hydrocarbons and of laying down oil pipe lines having been declared to be of public utility by Art. 9 of Law 120 of 1919, the state reserves to itself the right of laying down, using or exploiting, or of allowing to be laid down, used or exploited, such oil pipe lines within the territory of the republic as may communicate with two or more petroleum exploitations, or one of these with a railway going out of the area of the same exploitations, or with a river or seaport.

The state likewise reserves to itself the right of building up, using or exploiting petroleum refineries, or of allowing them to be built, used, or exploited.

Art. 5. The Government is hereby authorized to establish or to acquire for account of the nation one or several refining plants, in order to make a profit out of the oil it is entitled to in the petroleum exploitations, etc.

To this end the Government is empowered to get the necessary capital in the form of loans.

Art. 6. For the exploitation of oil fields not belonging to the state, a tax shall be paid to the nation, to be levied as follows: eight per cent. (8%) of the gross product when it is a question of deposits located at a distance of over 400 kilometers from the seashore; twelve per cent. (12%) at a distance over 200 kilometers but not exceeding 400 kilometers; and sixteen per cent. (16%) on a location of less than 200 kilometers from the seashore.

The committee of the Colombian Senate explained this law as defensive of the state's right of ownership to subsoil products and as intended to protect the interests of the

country rather than to exclude foreign exploitation of petroleum.[1] In its report the committee said:

> The law in question is not an organic code of the petroleum industry in Colombia, but merely a defensive emergency act. This law once and for all safeguards our mother country from the perils that may arise from the oil industry being developed before the code is enacted, which will be designed to guarantee fully both the sovereignty of the nation and the rights of the individual members of our community.
>
> For the purpose of exploiting oil fields, the national territory is divided into two classes: lands of national ownership (public lands, etc.) and lands of private ownership.

A bill for Colombia's new oil regulation was presented to Congress by Minister of Industry Mantalvo in August, 1929, and passed first reading in both houses. The new legislation, worked out by a committee of Colombian and foreign experts following the attempt in September, 1928, at complete nationalization of Colombia's oil resources, represents an expert endeavor to foster production, give full recognition to private interests, and at the same time to conserve the nation's oil resources. The proposed new law declared that the oil fields in the Department of Santander del Norte, on the Colombo-Venezuelan frontier east of the Oriental range of the Andes, and also the Arauca, Vichada and Meta regions, belong to the national reserves and that their exploitation shall be subject to parliamentary authorization. No reference is made to the Uraba deposits. Petroleum deposits found in the territorial areas, navigable rivers, and in public lands on which no grants were made before 1873 belong to the nation, under the terms of the new bill.

Private rights will be respected, foreign concessionaires must educate Colombian personnel to work in the oil fields and employ Colombian help on an equal footing with

[1] The subject is discussed in *The United States and Colombian Oil*, J. Fred Rippy. (Foreign Policy Association Information Service, 1929, Vol. V, No. 2.)

foreign help. Arbitration will be employed to settle any disputes. No oil grant may exceed 50,000 hectares and no one may exploit more than 100,000 hectares. Transfer of grants will be forbidden when this figure is exceeded. The nation will reserve to itself within each field an area equal to the one granted. Contracts with operating companies will be for 30 years, and may be extended an additional 10 years. Royalties on oil produced in public land grants will be paid on the basis of 50 cents per barrel of crude, gradually increasing to $2 up to the sixth year, and finally reaching a stabilized charge of from 6 to 12½%, varying with the distance of the field from the sea. Gasoline will pay a tax of one-thirteenth of gross production. Oil produced in private lands will pay taxes varying between 4 and 8%.

In connection with the recently proposed oil bill, a report emanating from the Republic under date of September 4 is to the effect that a committee of Congress has approved the first 32 articles with slight modifications. The law is based primarily upon a closed-door policy for unscrupulous speculators; an open-door for honorable operators, whether they are Colombians or foreigners, on the basis of absolute equality; and upon absolute respect for national sovereignty. Colombian newspapers demand that Congress adopt a workable petroleum law, since the proposed legislation prevents the exploitation of the nation's oil fields and advocates a law that will permit exploitation and offer incentives for the investment of capital.

Other Investments. The South American Gold & Platinum Co., controlled by the Lewisohn interests, has an authorized capital of $10,000,000. It was incorporated under the laws of Delaware in 1916 and of the 2,000,000 authorized shares of $5 par value, 1,760,000 shares have been issued. A 7% 10-year bond issue of $500,000 was repaid in 1926. The company operates through the Compañía Minera Choco Pacifico. The company further controls the Anglo-Colombian Development Co. of New York engaged in platinum mining.

The Choco Platinum Placcis was organized in Delaware in 1921 with 600,000 shares of $1 par value. The total recoverable value of platinum has been estimated at $5,000,000.

The Colombia International Corporation, Ltd., was organized in 1926 in Nevada to own and operate gold and platinum mines in Colombia. Capitalization consists of 2,500,000 shares of $1 par value, of which 1,500,000 are outstanding.

The Industrial Finance Contract Corporation was organized in 1923 in Delaware with $300,000 as a holding company to organize operating companies in Colombia and other Latin American countries.

The Colombia Emerald Development Corporation, organized in 1924 in Delaware, owns 1,300 acres of land, including emerald bearing claims in the Department of Boyaca. The company has about 10 miles of aqueduct which supplies water and power for mining operations. The mines are located at Samondoco, near Bogota. Capitalization consists of 1,000,000 shares of $5 par value.

The Breitung Mines Co., with $1,500,000 capital, has a gold and silver mine.

The American International Corporation has two separate companies, G. Amsinck & Co., exporters and importers, and a coffee plantation.

The International Products Company controls a packing plant worth $3,500,000, with a capacity of 175,000 cattle a year.

The Colombia Sugar Corporation, organized in 1927 in Delaware with 100,000 shares class "A" stock and 50,000 shares of class "B" stock, both of no par value. Company owns and operates a sugar plantation, "Castillo," located near Monteria, consisting of 8,000 acres of tillable land and fertile soil of which 1,125 acres are grown with sugar. It owns houses and stores, haciendas, a sugar mill and alcohol plant. The alcohol is disposed of under a yearly contract to the Government. The company's total assets amounted on January 1, 1928, to $1,721,689.

Cincinnati Coffee Co. owns sugar and coffee plantations.

The United Fruit Co. had, in 1923, an investment of $4,642,466. In 1928 it had an acreage of 29,818 in banana lands and owned 30 miles of railroad.

The investments of the Atlantic Fruit Co. in Colombia are from $4,000,000 to $5,000,000.

The West Indies and Colombia Electric Co., with a capital of $100,000, operates the electric lighting and power plant at Santa Marta and the telephone system of Barranquilla.

The Cable Telephone and General Trust, in which English, Canadian and United States capitalists are interested, acquired control by purchase in May, 1929, of the Bogotá Telephone Company.

The Associated Telephone & Telegraph Company controls the Compañía Telefonica de Barranquilla.

The Colombian subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $940,280. The company's subsidiaries supply electric power and light service in Cali, Santa Marta, Buga and certain smaller cities and telephone service in four communities. They also operate ice plants in two communities. The Colombian enterprises include the following:

COLOMBIAN SUBSIDIARIES OF AMERICAN AND FOREIGN POWER COMPANY

Name of Company	Number of Shares	
	Common	Preferred
Cia. de Servicios Publicos de Santa Marta	2,000	–
Cia. de Hielo de Santa Marta	22,500	–
Cia. Colombiana de Electricidad	1,000,000	30,000 [1]
Empreza Energia Electrica de Honda	30,000	–

An American concern representing the Insull group of public utility interests has offered to build a railroad from

[1] Comprising 10,000 shares of first preferred and 20,000 shares of second preferred.

Bogotá to the Atlantic, receiving for each mile of railway the right to exploit 210 acres of oil lands.

The Tropical Radio and Telegraph Co. operates a station in Colombia.

Many American construction companies operate in Colombia. Ulen & Co. have erected buildings valued at $3,750,000 in Bogotá in connection with the $6,000,000 loan, floated in the United States in 1924.

British investments were estimated at $33,000,000 in 1918, but have increased greatly since then owing to petroleum development.[1]

Total United States investments approximate $240,000,000, of which three-fourths is in Government, departmental and municipal bonds. Prior to the war, our investments in Colombia aggregated approximately $2,000,000. The growth of our investments in the Republic is evidenced from the figures presented in the subjoined table.

UNITED STATES INVESTMENTS IN COLOMBIA

Securities	Amount Issued	Amount Refunded	Price
1919			
South American Gold & Platinum Co.	$1,500,000	–	–
1920			
Colombia 7's	445,307	–	–
Colombia Syndicate	1,650,000	–	–
Medellin 6's, 1924	2,500,000	–	–
1921			
Mid-Colombia Oil Development Co.	1,000,000	–	–
Andes Corporation	3,600,000	–	–
1922			
Cauca Valley 7's, 1932	1,400,000	–	–
Colombia sterling 6's, 1913	1,000,000	–	–
Colombia sterling 6½'s, 1927	5,000,000	–	98

[1] Frederic M. Halsey, *Investments in Latin America* . . . p. 243.

UNITED STATES INVESTMENTS IN COLOMBIA — *Continued*

Securities	Amount Issued	Amount Refunded	Price
1924			
Bogotá 8's, 1955	$6,000,000	–	98
Medellin 8's, 1948	3,000,000	$2,500,000	98
American Maracaibo	7,500,000	–	–
1925			
Barranquilla 7's, 1935	5,000,000	–	100
Antioquia 7's, 1945	3,000,000	–	–
Andean Nat'l Corp. 6's, 1940	10,000,000	–	100
Colombia Syndicate	1,000,000	–	10
1926			
Antioquia 7's, 1945	6,000,000	–	91½
Antioquia 7's, 1946	3,000,000	–	–
Antioquia 8's, 1946	820,250	–	96½
Barranquilla 8's, 1940	500,000	–	101
Caldas 7½'s, 1946	6,000,000	–	95½
Caldas 7½'s, 1946	4,000,000	–	–
Cauca Valley 7½'s, 1946	2,500,000	750,000	96½
Colombia treasury notes 6 mo. 5½'s	10,000,000	–	–
Cundinamarca 7's, 1946	3,000,000	–	94¾
Medellin 7's, 1951	3,000,000	–	–
Mortgage Bank of Colombia 7's, 1946	6,000,000	–	95¼
Agricultural Mortgage of Colombia 7's, 1946	3,000,000	–	94
Andean National Corporation	15,000,000	–	10
Magdalena Syndicate	1,000,000	–	–
Maracaibo Oil Fields, Inc.	5,000,000	–	–
1927			
Antioquia 7's, 1945	2,500,000	–	96½
Antioquia 7's, 1957	4,000,000	–	94¼
Antioquia 7's, 1957	4,000,000	–	93
Barranquilla 8's, 1947	500,000	–	101
Bogotá 6½'s, 1947	2,700.000	–	91
Caldas 6's, 1946	200,000	–	–
Cali 7's, 1947	2,000,000	–	93
Cauca Valley 7½'s, 1947	1,500,000	–	98
Colombia Treasury notes 5's	5,000,000	–	92.91
Colombia 6's, 1961	25,000,000	5,000,000	92½
Colombia Ag. Mortgage Bank 6's, 1947	5,000,000	–	92
Colombia Ag. Mortgage Bank 7's, 1947	3,000,000	–	97¾

UNITED STATES INVESTMENTS IN COLOMBIA — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1927			
Medellin 7's, 1952	$3,000,000	–	93¼
All America Cables, Inc.	50,000	–	–
Bank of Colombia 7's, 1947	2,000,000	–	96½
Bogotá Mortgage Bk. 7's, 1947	3,000,000	–	95½
Bogotá Mortgage Bk. 7's, 1947	3,000,000	–	92½
Carib Syndicate	587,500	–	23½
Colombian Oil Concessions	5,000,000	–	–
Colombia Coastwise Rys. Co.	5,000,000	–	–
Colombia Mortgage Bk. 7's, 1947	3,064,000	–	97½
Colombia Mortgage Bk. 6½'s, 1947	4,000,000	–	91½
1928			
Antioquia 7's, 1957, 3rd series	4,350,000	–	96½
Antioquia 7's, 1945	3,750,000	–	95½
Barranquilla (City), 8's, 1948	500,000	–	–
Colombia 6's, 1961	35,000,000 [1]	–	95
Cauca Valley 7's, 1948	4,500,000	–	96
Cali 7's, 1947	635,000	–	–
Cundinamarca 6½'s, 1959	12,000,000	$3,000,000	93½
Cundinamarca	750,000	–	–
Caldas	2,500,000	–	–
Medellin 6½'s, 1954	9,000,000	2,726,000	93¼
Santander 7's, 1948	2,000,000	–	94
Tolima 7's, 1948	2,500,000	–	93½
Bank of Colombia 7's, 1948	2,000,000	–	94¾
Col. Ag. Mortgage Bank 6's, 1948	5,000,000	–	93½
Mortgage Bank of Colombia	1,840,000	–	46
Santander Corporation	250,000	–	–
1929			
Antioquia 7's, 1945, Series "D"	1,750,000	–	93

Ecuador

The boundaries of Ecuador are not definitely settled and, taking the various boundary claims into consideration, the area is estimated between 100,000 and 276,000 square miles. The population was estimated at about 2,000,000 in 1926, of which three-fourths are Indians. The white population consists of descendants of the early Spanish

settlers. They are mostly affluent and highly cultured landowners. The mestizos are the more skilled laborers, the artisans and the small shopkeepers. The bulk of the population lives on the land, only one-quarter residing in the cities of which Quito, the capital, has 90,000 inhabitants and Guayaquil 100,000, the latter being the commercial center of Ecuador.

Agriculture is the principal occupation of the Ecuadorian people, who depend primarily upon the successful growing and marketing of their crops.

Cacao is the most important crop in export trade and general economic conditions. Of the total exports in 1926, valued at $12,763,000, exports of cacao accounted for 42%, or $5,307,000. The balance is made up largely of such products as coffee, sugar, cotton and tagua nuts (vegetable ivory). Rubber is of some importance, as is also cinchona bark (quinine).

Among industries, the manufacture of "Panama" hats from toquilla straw is prominent, with an annual export of between $700,000 and $1,100,000.

United States imports from Ecuador, which comprise about one-fourth of Ecuador's exports, dropped 23% in 1926 and 23% in 1927, but increased 5% during 1928 to $5,300,000. Our exports to Ecuador, amounting to nearly half of its total imports, increased 20% during 1928 to $6,600,000, following a 19% gain in 1927, and a 32% loss in the previous year.

Public Finance. In order to bring order into its financial house, Ecuador [1] in 1923 invited John S. Hord, an American expert, to advise the Government in regard to the following points: (1) the balancing of the budget; (2) reorganization of the public debt; (3) increase of exports and imports; (4) stabilization of exchange — reestablishment of gold basis; and (5) loan for debt consolidation and general public improvements.

In April, 1924, the Government reconstituted the Per-

[1] James C. Corliss, *Latin American Budgets, Part II*, p. 52 (Department of Commerce, Trade Information Bulletin, No. 517).

manent Commission of Legislation for the purpose of revising all legislation relating, directly or indirectly, to the public finances, the public debt, the judiciary, banking, agriculture, public works and the stamp taxes. Professor Edwin W. Kemmerer and a commission of American financial experts, were invited in 1926 to undertake a study of the financial and economic situation of the country with a view to submitting specific recommendations for the reorganization of the entire fiscal policy. This Commission made recommendations upon the following points: (1) establishment of a new central bank; (2) enactment of a new monetary law; (3) enactment of a new budget law; (4) reorganization of the Government accounting system; (5) revision of the present system of taxation of rural property; (6) a new general banking law; and (7) new income tax legislation.

The general reforms in public and private finance included the organization of the Central Bank as the sole bank of issue and as a depository and fiscal agent for the Government, the passage of a new monetary law establishing the value of the sucre at $0.20, the installation of a customs administrator and of a comptroller general of Government accounts, the new banking law to be administered by the secretary of the treasury, the 25-year Swedish match monopoly which provided a $2,000,000 loan for erecting a farm loan bank.

The national debt of Ecuador on January 1, 1928, consisted of the following items:

External debt		$19,750,741
Internal debt	(sucres)	19,892,188

The Government guarantees interest on 12,500,000 francs of railroad bonds issued in Paris 1909 and 1913.

In November, 1927, the International Match Corporation of Delaware, an autonomous subsidiary of the Swedish Match Company, granted a debenture loan of 10,000,000 sucres at 88, 8% interest, for a monopoly on matches for

25 years. The company pays an annual concession rental of 1,000,000 for the first five years, the annual payment increasing 100,000 sucres for each additional five-year period. Proceeds of the debenture loan were used for the creation of an Agricultural Mortgage Bank.

The Ecuadorian Government debt comprises the following issues:

Ecuador Government 4% guaranteed Condores bonds (first series); issued, £83,400; outstanding, £71,300;
Ecuador Government 4% salt bonds of 1903; issued, $1,075,000; outstanding, $508,770;
Ecuador Government 5% French railway loan of 1909–11; amount authorized, Fcs. 23,000,000; issued and outstanding, Fcs. 9,000,000;
Guayaquil & Quito Railway first mortgage 5% bonds; issued, $12,282,000; outstanding, $10,726,000; [1]
Ecuador Government 6% loan of 1913, Port de Bahia de Caraquez; amount authorized, Fcs. 10,000,000; issued and outstanding, Fcs. 3,500,000;
Guayaquil & Quito Railway 6% prior lien gold bonds; issued, $2,486,000; outstanding, $94,000; [2]
Central Railway of Ecuador 6% gold bonds of 1914–16; amount authorized, issued and outstanding, £217,500;
Central Railway of Ecuador 6% income bonds of 1916; amount authorized, issued and outstanding, £42,500.

The unit of currency in Ecuador is the sucre. Until March, 1927, its legal par was $0.4867, but in that year its average exchange rate was below $0.19. The Kemmerer Commission recommended its fixation at a par of $0.20, and it remains in that vicinity.

American Investments. American companies which have made considerable investments in Ecuador include:

The South American Development Company, which owns and operates gold mines, exporting to the United States almost a million dollars yearly. Mines are located in the District of Zaruma, Province of El Oro.

[1] Interest amounting to $8,044,500 in arrears and included in debt total.

[2] Entirely paid in 1929 (55th Annual Report of the Council of Corporation of Foreign Bondholders, p. 137).

The American Ecuador Trading Corporation was organized in Delaware with a capitalization of 120,000 shares of $5 par value, of which 90,000 shares are common and 30,000 preferred. A public offering was made of 30,000 shares of preferred and a similar amount of common at $5 per unit, comprising one share of preferred and one share of common.

The Cachavi Syndicate Corporation was organized under the laws of Delaware with a capitalization of 200,000 shares of $10 par value. The company owns 300,000 acres in fee simple with mining rights on the tributary of the Santiago River in Ecuador.

The Andian Corporation, which has valuable oil concessions.

The International Petroleum Company (controlled by the Standard Oil Company) owns a small property in Ecuador on which development is proceeding.

The American Fuel Oil & Transportation Company, which has a lease on 1,792,000 acres.

American capital is also interested in the Guayaquil & Quito Railway Company. The company is the most important railroad in Ecuador, operating 288 miles and connecting the capital Quito with the leading seaports of the republic. The road was begun by the Ecuadorian Government in 1872 and was completed in 1908 by an American company which sold it to the Government in May, 1925. American investors hold considerable portions of the Prior Lien Gold Bonds and of the First Mortgage Bonds. No interest has been paid on the latter since January, 1914, while the sinking fund has been in suspension since 1910.

J. G. White & Company, of New York, have constructed and are interested in an electric tramway in Quito; while the American & Foreign Power Company purchased, in 1925, the local light and power company in the city of Guayaquil and its electric railways.

The Ecuadorian subsidiaries of the American & Foreign Power Company, Inc., reported gross earnings in 1928 of $397,540. Subsidiaries include the Empresa Electrica del

Ecuador, capitalized at 50,000 shares of common and 15,000 shares of preferred.

Prior to the war, American investments in Ecuador were estimated at $10,000,000. By 1920, they had grown to $20,000,000. At the end of 1928, our investments in that republic aggregated about $25,000,000.

Paraguay

Paraguay with an area of about 196,000 square miles is divided into two distinct zones by the Paraguay River. The Chaco, which is in dispute with Bolivia, and is of unknown area, is included in the estimate.

The eastern zone is hilly and covered with forests, but the western section is lowlands along the shore of the Paraguay River. The climate is tropical in the north and subtropical elsewhere.

The population of Paraguay is estimated at 800,000 to 1,000,000, for the greater part mixed Spanish and Indian.

The main products of agriculture are cotton, tobacco, rice, corn and sugar cane; also oranges in great quantities. But the most valuable product is quebracho — extract used for tanning, of which there is annually exported between $3,000,000 and $3,500,000. Yerba maté ranks third in value of exported products.

Cattle raising is an important occupation and Paraguay is especially well equipped with excellent pasture lands. The total number of cattle is estimated at 3,000,000. Hides constitute the chief item of export among animal products.

Paraguay is very much handicapped in its transportation facilities. The Paraguay and Parana rivers are the means of communication with Argentina and Uruguay.

There is only one important railroad from the capital, Asuncion, to the Argentine frontier at Posadas, with a connection for Buenos Aires. Highways are very insufficient — only about 1,200 miles — and in this respect Paraguay is a backward country.

Although cost of production is low, it is markedly increased by very high cost of transportation. Paraguay has additional difficulties to overcome as a result of the increasing competition on the part of surrounding countries, especially Argentina. Notwithstanding these difficulties the volume and value of trade are increasing, although not in comparison with the gain shown by other Latin-American states. Total trade amounts annually to over $25,000,000 and shows regularly a favorable balance.

Conditions were favorable in Paraguay during 1928. United States imports are not indicative, inasmuch as this country takes only 1% of Paraguay's total trade. Our exports to that country are rather more representative, amounting to nearly 20% of the total. These amounts have shown a steady increase since 1923, the year 1928 setting a new record in that trade. This trend indicates a growing tendency to direct shipment from the United States to Paraguay rather than through jobbers in the Argentine Republic, but at the same time it is doubtless an indication of increasing purchases in the inland republic.

Public Finance. In 1871 and 1872 Paraguay [1] borrowed £1,000,000 and £2,000,000 in Great Britain. In 1885 and 1892 arrangements had to be made with the creditors for paying arrears of interest. In London a 5% loan for £440,320 was floated in 1915. During the war remittances were made irregularly, and a sinking fund was created, but in spite of all measures taken the arrears of interest became considerable. A new arrangement was made in September, 1924, under which the debt in sterling was as follows:

[1] *Investments in Latin America.* II. Uruguay and Paraguay, p. 34. (Department of Commerce, Trade Information Bulletin, No. 382.)

INDEBTEDNESS ON LOANS

	November, 1926	1928[1]
Debt of 1886–96	£611,290	£542,290
Certificate coupons in arrears	32,797	19,074
5% loan of 1915	386,180	299,840
Total	£1,030,267	£861,204

With some smaller bank indebtedness the total external debt in dollars is about $5,050,000. The annual service of the foreign debt of $300,000. The internal debt was, on the same date, about $2,175,280.

The situation of the entire public debt is as follows:[2]

PARAGUAYAN PUBLIC DEBT

	Gold Pesos	Paper Pesos	Total converted into Paper Pesos
External debt	5,235,005	–	223,063,563
Consolidated internal debt	1,541,816	21,671,218	87,367,998
Internal floating debt	33,184	7,739,370	9,153,340
Total	6,810,005	29,410,588	319,584,901

The unit of Paraguayan currency is the peso, which was formerly on a theoretical par with the Argentine peso, $0.9648. The paper peso was, however, in circulation, and the issue of it increased from 65,000,000 in 1913 to 220,000,000 in 1923, when a legal ratio of 18.75 Paraguayan paper pesos to one Argentine paper peso was established, making 42.61 Paraguayan paper pesos equal to 1 Argentine gold

[1] 55th Annual Report . . . Corporation of Foreign Bondholders, p. 277.

[2] Bulletin of the Pan American Union, LXII, p. 1176, gives slightly smaller total as of July 31, 1928.

peso. At that time, the Paraguayan peso averaged $0.0184 on exchange. In 1927 it had advanced in value to and maintains a par of $0.0227.

Foreign Investments. The bulk of foreign investments in Paraguay is held by Argentine interests which in 1912 were estimated at 30,000,000 gold pesos. At the present time, the amount is doubtless considerably larger.

British capital is invested primarily in the country's external debt, the Central of Paraguay Railway (£2,-834,000), La Industrial Paraguaya (3,464,000 gold pesos), and in lands and cattle. They may amount to $20,000,000.

French capital, to the extent of some $10,000,000, is invested in the Banco de la Republica and in the Société Foncière. Appreciable amounts of German capital have been invested in cotton plantations, timber lands, and in banks. American interests are especially important in the meat packing business and the quebracho industry.

Prior to the World War total investments of the United States in Paraguay were placed at $3,000,000; the total by 1929 had reached $15,250,000. Subsequently to the adjustment of Paraguay's external debt, appreciable amounts of Paraguayan issues have been acquired in this country.

American interests include the International Products Company (Compañía Internacional de Productos), which is engaged in manufacturing quebracho extract at a rate of 30,000 tons annually and which was established as a subsidiary of the American International Corporation with original capital of $3,250,000. In November, 1919, it combined with the Central Products Company, which was engaged in the meat packing business at San Antonio, with an original capital of $1,500,000. The new company was incorporated under Paraguayan law. It controls 300 square leagues (1,389,600 acres) of land in the Chaco. In 1921 the company placed in the American market an 8% loan to the amount of $2,272,249, of which $1,080,083 was employed for refunding purposes. The bonds were sold at a discount to yield 10%.

The Paraguay Sales Company, an American firm incor-

porated under Paraguayan laws, was capitalized at 500,000 paper pesos, or $250,000 in 1919 when it was organized.

The New York & Paraguay Co. (capital 2,000,000 gold pesos) has 833,000 acres of quebracho properties and the American Quebracho Co. has an authorized capital of 3,000,000 gold pesos.

La Grandadería Paraguaya is capitalized at 500,000 gold pesos and is controlled by the Paraguay Land & Cattle Co., incorporated in Maine in 1913.

Swift & Co. own the Compañía Paraguaya de Frigorífico y Carnes Conservadas, capitalized at $500,000, and Morris & Company the Frigorífico San Salvador del Paraguay, capitalized at $400,000 and leasing 93,000 acres of land.

A company, in which New York capital is interested, the Compañía Americana de Luz y Tracción operates the only tramway in Paraguay, in Asuncion. The legal domicile of this company is in Buenos Aires.

Peru

Peru is the Latin-American country which can boast of the oldest culture and history. Lima, the capital, was founded in 1535 and was the seat of a viceroy whose jurisdiction extended over the greater part of South America throughout the Spanish régime.

Inca Economic Life. Almost exactly 320 years ago, in 1609, the son of a Spanish adventurer and a daughter of Hualpa Tupac, niece of the Great Inca, Huayna Ccapac, published a most interesting study [1] which made available to western Europe an account of the economic condition of the ancient Incas. Owing to the author's connection with the reigning family and to his thorough knowledge of the Inca language, the information contained in this work is most helpful to a better understanding of Inca civilization.

We gather from him that the skill of the Incas was particularly noteworthy in regard to irrigation of land, especially where the supply of water was restricted. The distribution of water in such districts appears to have been

[1] Inca Garcilaso de la Vega, *Los comentarios reales de los Incas.*

regulated by measures which even to-day would not seem entirely obsolete. In periods of drought, the respective governments agreed to supply water. The amount of water required for the irrigation of one *fanegada* of land was determined and, according to fixed regulations, every *fanegada* received its quota, without discrimination as regards the owners of the land. Neither the rich nor the noble nor the friend or relative of a *Curaca*, nor the *Curaca* himself, nor even a minister or the governor of the province, received more water for the irrigation of his property than the most insignificant of his countrymen. The well-being of the state was the sole purpose of all the regulations and laws of the Incas, and no favor was granted to anybody. Irrigation was compulsory.

Not only was the distribution of the water supply regulated by the state, but also the tilling of the soil and the cultivation of the crops, important among which was the *uchu*, or pepper. The tribute paid by citizens to the King consisted of manual labor to cultivate the properties of the Sun-God and the King, and to store the crops in the granaries of each village. The granaries were built of clay mixed with straw, and the size of each was sufficient to hold the winter provisions of the population. Some of them could hold from 50 to 200 *fanegas*. Each granary had a passage down the middle, leading from one granary to another, so that each could be emptied or filled at pleasure. To facilitate access, each granary had small windows in front, divided into eight squares and opening so as to make possible the measurement of the quantity of grain that was taken out. The crops belonging to the Sun-God, or the King, were stored separately, though in the same warehouse.

The seeds for sowing were given by the ruler. The Indians tilled and cultivated their lands, the only regular tribute due to the King being this personal labor.

The King of the Incas allotted one-third of the lands to the people. No person had any private property right to this third part, which was held through the generosity of the

Incas and could not be sold or divided among heirs. These lands were divided every year, and each man was assigned a certain portion for maintaining himself and family. The annual allotment was smaller or larger, according to the size of each family. This land never paid any tribute, except the personal labor required to till the land and to store the crops in the granaries.

Another personal tribute was to make clothes, shoes and arms for the soldiers and those who could not work, owing to age or illness. It is of interest to note that a province which was called upon to supply wool for clothes was relieved of all demands for arms and shoes. Exemption from tribute was enjoyed by all members of the royal family, by priests, and by governors, judges and other government officials during their terms of office only.

Gold, silver and precious stones were not valued as treasure, but only for their beauty and splendor, because they were not necessary for the affairs of war or peace. Buying and selling of them was unknown, but they were presented to the King to be used as ornaments for the palaces and temples. In place of precious metals or stones, baskets of fruit were presented to the King as a token of devotion.[1]

The storehouses containing clothes, shoes and arms for the soldiers were built along the state roads, so that a passing army would always find a supply of the necessary equipment.

Begging was forbidden and severely punished. Along the roads, houses were built for travelers, where they could get food and necessaries for their journeys. Traveling was not undertaken for pleasure, but only by those who were sent by order of the King or his officials. Any one who traveled without just cause was punished as a vagabond.

Of considerable interest is an Inca law promulgated against luxury in clothes and excessive eating.

When our ancestors in northern Europe were living as cave-dwellers, there must have existed settled agricultural

[1] See Father Acosta, *The Revenue of the Inca and the Tribute.*

communities in the Peruvian region, and the most specialized system of agriculture in the Western hemisphere was attained there centuries before Columbus discovered America. Most of the agriculture was on artificial terraces built in such a way as to receive the full exposure of the sunlight. Even the courses of the rivers in the valleys were narrowed and straightened so as to irrigate these terraces. When there was little rain, it was possible to distribute the available supply of water equally over all the land.

Even in comparison with the hanging gardens of Peru, those of Babylon were insignificant and only a transient toy of 3,000 years ago, and, odd though it may seem, these gardens of Peru, though of unknown age, are still in existence and in use to-day. There are many slopes of 50 terraces — each terrace ten feet high, which means a vertical height of 500 feet.

Modern Conditions. Peru to-day comprises an area of some 525,000 square miles, including the long disputed Tacna territory. Although situated near the Equator, its climate is tropical only in the Transandean region. The central area of Peru contains the massive mountains of the Andes. Here the temperature is rather cold, and outside of mining and sheep raising we find extensive agriculture, although on a more or less primitive scale.

Out of the population of 5,500,000 only 600,000 are pure whites and the rest Indians or half-breeds. The foreign population is about 40,000, of whom 25,000 are Chinese and Japanese.

Petroleum now constitutes about one-third of Peru's total exports, with cotton, sugar and copper averaging 25%, 18% and 17%, respectively, over the past four years. Copper and petroleum exports are not indicative of general prosperity, however, as they affect only a small percentage of the population, aside from their contribution to Government revenues.

United States imports from Peru in 1926 were 26% more than in the preceding year owing to large petroleum and

copper shipments, so that the decline of 8% in 1927 was not significant and the further increase in 1928 to £P8,-897,062 from £P8,479,232 not expected. United States exports similarly showed a 27% gain in 1926 owing to heavy shipments of oil machinery and equipment, etc. In 1927 these exports dropped 15% to £P7,817,099, and during 1928 still further to £P6,941,229.

The United States and Great Britain each take about one-third of Peru's exports. The United States imports chiefly mineral products while England purchases chiefly the agricultural products of Peru. The imports from the United States are very much larger than those from England.

The main industry of the people is agriculture, sugar cane and cotton representing the principal products, with an annual output of 300,000 tons and 200,000 bales respectively. Sugar is exported mostly to Chile and Bolivia, but the other agricultural products like rice, wheat, tobacco and corn are consumed at home.

The famous guano deposits are found on the islands along the coast and a well-equipped corporation, controlled by the Government, distributes an annual output of about 100,000 tons.

Peru is very rich in mineral resources including gold, silver, coal, lead, bismuth, mercury and copper, which is especially important. Peru is the only country in the world where vanadium is found.[1]

Peru ranks high among the oil-producing countries of Latin America, with a yield of about 7,000,000 barrels a year. The Peruvian law governing petroleum concessions dates from January 2, 1922. Art. I provides that "deposits of petroleum and hydrocarbons in whatever state discovered are national property. The executive may only give concessions of petroleum deposits or analogous hydrocarbons in conformity with this law . . . with the exception of asphalt, asphaltic rocks and bituminous schists, the de-

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 401 (Department of Commerce, Trade Promotion Series, No. 25).

posits of which will remain subject to the provision of the mining code." The companies holding concessions must be legally domiciled in Peru. The taxes are deemed fair and the only serious criticism made is that the terms of the law are onerous regarding exploration of concessions in virgin territory.[1]

The railroad system is relatively large, the system comprising about 2,100 miles, of which 1,500 miles are state property. A total mileage of 1,167 is operated by the Peruvian Corporation, a British organization, in accordance with an arrangement made in 1890, in consideration of the liberation by the Peruvian Government of its liability for its outstanding foreign debt.

Highways are much needed to meet the increasing motor traffic, and large sums are expected to be invested in highway construction, in addition to appreciable sums which have already been employed in highway construction. About 13,000 miles of roads exist in the country.

Public Finance. In 1890 Peru entered into the first composition with its foreign creditors. The foreign debt as then constituted was canceled in consideration of certain privileges and concessions granted to the Peruvian Corporation as the holder of Peruvian bonds. The proceeds of the old smaller loans, which were floated as early as 1822 and 1825, were mostly supplied in the form of war materials and supplies. The earliest external loan still outstanding is that of 1909, originally £1,200,000, obtained in France by hypothecating the revenue of the salt monopoly. The following list accounts for all Peruvian foreign loans since its independence:

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 200 (Department of Commerce, Trade Promotion Series, No. 25).

PERUVIAN FOREIGN LOANS

Description	Source	Original Amount	Disposition	Outstanding Dec. 31, 1926
1822				
Loan to purchase war material, 6%	England	£1,200,000	Refunded principal and interest	–
1825				
War Loan, authorized £1,500,000, only placed £616,500, 6%	England	£616,500	Refunded principal and interest	–
1849				
Loan to convert principal of 1822 and 1825 loans, 3%	England	£1,788,800	Refunded, 1853	–
1853				
Loan to redeem 1849 6% loan, 4½%	England	£2,600,000	Refunded, 1862	–
1862				
Loan to retire all prior sterling debt and to reform currency, 4½%	England	£5,500,000	Refunded in part in 1865	–
1865				
Refunding loan 5%	England	£10,000,000	Refunded in 1871	–
1869				
Construction of railways 6%	England	£290,000	Transferred to Peruvian Corp., 1890	–
1870				
Construction of railways 6%	England	£12,000,000	Transferred to Peruvian Corp., 1890	–

1871				
Public works 5%	England	£23,215,000	Transferred to Peruvian Corp., 1890	–
1905				
Loan secured by revenue from salt	Germany	£600,000	Repaid from proceeds 1909 loan	–
1909				
Salt loan 5½%	France	£1,200,000	–	£729,680
1920				
Purchase of railway from Lima to Huacho 5%	England	£720,620	–	£644,980
1922				
Guano loan 7½%	England	£1,250,000	–	£1,189,500
Petroleum loan 8%	United States	$2,500,000	Refunded, 1925	–
1924				
Sanitation loan 8%	United States	$7,000,000	Refunded, 1928	$5,534,500
1925				
Petroleum loan 7½%, due 1940	United States	$7,500,000	Refunded, 1928	$7,500,000
1926				
Sanitation loan 8%	United States	$2,000,000	Refunded, 1928	$1,969,000
Republic of Peru gold bonds 7½%, due 1956	United States	$16,000,000	–	$16,000,000
1927				
Sinking fund gold bonds 7%	United States	$15,000,000	–	$15,000,000 [1]
Peruvian national loan 6%	United States	$50,000,000	–	$50,000,000
1928				
Republic of Peru 6% gold bonds, due 1961	United States ($17,500,000)	$25,000,000	–	$25,000,000

[1] March, 1927.

The unit of Peruvian currency is the pound of $4.8665 par. In 1918, the Peruvian pound on exchange was valued at $5.27, from which it dropped to $3.60 in 1921, recovered in 1923–25, and varied between $3.75 and $4.00 until stabilized at the latter figure early in 1928.

Foreign Investments. In 1917, the United States Department of Commerce estimated that the investment of foreign capital in Peru amounted to $200,000,000. In 1925, it recapitulated the estimates as follows:[1]

FOREIGN CAPITAL IN PERU

British	$125,000,000
United States	90,000,000
Italian	40,000,000
German	22,000,000
French	10,000,000
Chinese	10,000,000
All others	1,000,000
Total	$298,000,000

Walter R. Ingalls[2] estimated American investments in Peru in 1918 at $85,000,000, as compared with $35,000,000 prior to the war. Recent increase has been due chiefly to petroleum exploitation, since mining industry has been long established.

The largest American investments in Peru are in copper mining. The largest copper mine in the country is owned by the Cerro de Pasco Copper Corporation, an American-owned concern, incorporated in 1915 in New York with 1,240,000 shares of no par value of which 1,122,842 shares are outstanding. It owns 5,900 acres covering three-fourths of the rich Cerro de Pasco district with 70,000 acres of surface rights including power and smelter sites, water rights, etc. It also owns 1,865 acres of coal lands north of Cerro de Pasco. Ore bodies carry gold, silver, copper, lead, zinc and cobalt. The company owns $2,850,000 of

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 261 (Department of Commerce, Trade Promotion Series, No. 25).

[2] *Wealth and Income of the American People.*

the capital stock of the Cerro de Pasco Railway. In 1917 it acquired the Cerro de Pasco and the Morococha Mining companies which had been dissolved and whose assets were transferred to the Cerro de Pasco Copper Corporation. It is further reported to have acquired the Compagnie des Mines de Huaron, a French copper and gold producing company with a capitalization of Fcs. 12,000,000. A subsidiary of Cerro de Pasco, the Sociedad Minera Backus y Johnston del Peru owns copper and silver mines and controls the Fundicion de Casapalca. It was incorporated in Peru in 1917 with 300,000 shares of £P1 par value.

The American Smelting and Refining Company owns the capital stock of the Northern Peru Mining & Smelting Company, while the Anaconda Mining Company controls the Andes Exploration Company, organized in 1916 in Maine with a capitalization of $2,225,000. The company's reserves are placed at 20,000,000 tons of 1.92% copper.

Other mining concerns include the Vanadium Corporation of America, containing the largest vanadium ore deposits in the world and producing about 92% of the world's vanadium output. Vanadium was incorporated in 1919 in Delaware with 500,000 shares, of which 378,367⅓ shares are outstanding. It owns 2,372 acres of vanadium mines. The ore deposits are among the richest and most productive vanadium deposits in the world. The company is affiliated with the Negociacion Minera Fernandini which owns silver, bismuth and quicksilver mines in Peru.

The South American Metal Company of Peru was organized by American Metal Company, Ltd., to act as its representative and do a general business, especially in connection with the purchase and shipment of ore.

The Inca Mining Company operates one of the largest gold mining concerns in the country, while the Santo Domingo Gold Mines own extensive property in the southern part of the republic.

Well over two-thirds of Peru's oil output is controlled by American interests, chiefly the International Petroleum

Company, a subsidiary of the Standard Oil Company of New Jersey. In 1914–15 control was acquired of the London & Pacific Petroleum Company with a capitalization of £1,000,000. The company's Peruvian holdings comprise an area of about 1,000,000 acres. The output amounted to 9,503,720 barrels in 1928 as compared with 7,776,139 barrels in 1927, 8,632,125 in 1926 and 7,347,610 in 1925. The company was organized in 1920 under the laws of the Dominion of Canada. Capitalization consists of 200,000 preference shares of $2.50 par value, and 39,800,000 shares of common stock without par value, of which 14,304,808 are issued. Shares are quoted in New York and are selling at about $60 a share.

The two principal cotton mills in the country are owned by American capital, which is also interested in sugar estates.

All America Cables has secured a concession to establish wireless telephone and telegraph stations for point to point and international communication in Peru.

According to reports published in August, 1929, President Leguia of Peru by executive decree canceled for alleged breach of contract the Lee concession, involving over 12,000,000 acres in the basins of the Huallaga and Maranon Rivers, tributaries of the upper Amazon. The concession showed indications of rich petroleum deposits in that area, and a group of American capitalists is understood to have been taking an active interest in the region. The concession was obtained by Bertram T. Lee, an American through an act of the Peruvian Congress in 1926. Under his contract, Lee was to construct a railroad within seven years from Iquitos, on the Amazon, to the Pacific Coast, and two motor roads starting from the Maranon River near Bellavista and continuing to Moyobamba. For a period of 30 years the concessionaire had the right to denounce mineral claims, including petroleum, in the basins of the Maranon and Huallaga, the Government to receive 6% of the product. The contract provided that the concession might be annulled if the concessionaire

failed to begin construction of the railway to the Pacific within one year and if three years passed without his having constructed 70 kilometers of the road.

The influx of American capital into the country during the past decade is detailed hereunder.

UNITED STATES INVESTMENTS IN PERU

Securities	Amount Issued	Amount Refunded	Price
1920			
Cerro de Pasco Copper 8's, 1930	$8,000,000	–	100
1922			
Peru 8's, 1932	2,500,000	–	97
Lima 5's, 1976	250,000	–	64
1924			
Peru 8's, 1944	7,000,000	–	99½
1925			
Peru 7½'s, 1940	7,500,000	$1,600,000	97¾
Peruvian Oilfields Corporation	2,100,000	–	–
1926			
Peru 7½'s, 1956	16,000,000	–	100
Peru 8's, 1944	2,000,000	–	–
Cia. de Fosforos de Peru	2,160,000	–	–
Hacienda Paramonga	2,100,000	–	–
Standard Oil Co. of Peru	3,500,000	–	–
1927			
Peru Treasury Notes	460,000	–	–
Peru 7's, 1960	15,000,000	–	96½
Peru 6's, 1960	50,000,000	23,930,000	91½
Peruvian Petroleum Corp.	100,000	–	–
1928			
Lima 6½'s, 1958	3,000,000	–	93
Peru 6's, 1961	25,000,000	15,000,000	91
Banco Internacional de Lima	400,000	–	–
Callao Construction Works	6,500,000	–	–
Frigorifico Nacional	1,800,000	–	–
Peruvian Portland Cement Co.	760,000	–	–
Peruvian Foreign Investment & Trust Co.	160,000	–	–
Peruvian Airways Corporation	100,000	–	–

Uruguay

Uruguay is the smallest republic in South America, with an area of 72,172 square miles. The population of 1,720,000 is of almost unmixed blood, and the majority are in comfortable circumstances. The percentage of foreign born, mostly Spanish and Italian, is 25%.

The climate is excellent and agriculture and pastoral industry are very well developed. Of the 45,000,000 acres of land, 41,350,000 are pasture land, 2,000,000 devoted to agriculture, and 1,650,000 are forested.

The total amount of live-stock is estimated at 10,000,000 cattle and 22,000,000 sheep. There are four modern packing plants which in the season slaughter about 4,000 head of cattle and 7,000 sheep a day. The animal wool export is about 100,000,000 pounds.

Mining is unimportant comprising gold, which is found in small quantities, and emerald mines.

Uruguay possesses only one navigable river, the Rio Negro, whereas most of the South American countries abound in navigable rivers. But 668 miles of the national boundaries are on the ocean or rivers.

The railroads have a mileage of 1,650 miles, connecting Montevideo with other towns of importance. Material progress has been made in highway construction throughout the country, there being 5,172 miles of roads.

During the first nine months of 1928, Uruguay's exports were 4% more than in the corresponding period of the previous year, owing chiefly to increases in wool, meats, and meat products. Exports of pastoral products, wool, beef, hides, mutton, etc., constitute some 90% of Uruguay's total exports, so that United States imports from that country are not particularly significant in determining general economic conditions inasmuch as this country buys only a small proportion of Uruguay's exports of these products. United States exports, on the other hand, comprise nearly a third of the total imports and are more indicative of general trends. They attained a figure of

$29,267,000 in 1928. Uruguay sent to the United States $10,653,000 worth of goods.[1]

Public Debt. On January 1, 1927, the total funded debt amounted to 222,111,295 pesos (1 peso equals $1.03).

Year	Internal (Pesos)	External (Pesos)	Total (Pesos)
1915	26,481,802	121,077,787	147,559,589
1927	75,436,251[2]	146,674,044	222,111,295

The increase in the external debt in the years up to 1927 was caused by:

(1) The issuance of £838,877 5% sterling bonds in 1919 to acquire certain railroad lines;

(2) The issue of $30,000,000 6% bonds in New York in 1926;

(3) The sale of $7,500,000 of 8% bonds in New York in 1927.

The sinking funds applicable to the prewar foreign loans were suspended in 1915, but resumed in 1921 and 1922. In 1924 the customs duties were assigned to the service of the sterling loans by agreement with the Corporation of Foreign Bondholders, service requiring 38% of the 1928 receipts as compared with the pledged percentage of 74.5%.

The public debt on December 31, 1928, stood:

[1] *Bulletin of the Pan American Union*, LXIII, p. 505.

[2] Includes 2,538,500 pesos of the "international" debt, for the construction of a bridge over the Yaguaron River and an agricultural institution, both in cooperation with Brazil.

PUBLIC DEBT OF URUGUAY, DEC. 31, 1928

	Per Cent	Pesos
EXTERNAL DEBT:		
Consolidated debt	3½	65,107,690
Uruguayan loan of 1896	5	2,133,800
Conversion loan of 1905	5	22,627,206
Public works loan of 1909	5	4,627,718
5% gold bonds of 1914	5	4,738,446
Gold bonds of 1915	5	1,322,937
Gold debt of 1919 (La Paloma Ry.)	5	945,985
Gold debt of 1919 (Eastern Ry. of Uruguay)	5	2,426,516
Gold loan of 1921	8	7,225,680
External gold bonds of the Republic	6	28,183,533
		139,339,511
INTERNAL DEBT	–	71,828,808
Total public debt	–	211,168,319

The unit of Uruguayan currency is the gold peso, sustained by a gold reserve and valued at $1.0342 at par. Since 1926 it has held slightly under par on cable transfers.

Foreign Investments. The bulk of foreign investments in Uruguay is British, estimated in 1926 to amount to 90,000,000 pesos.[1]

The investment of United States capital in Uruguay in 1926 was estimated at about $40,000,000 and had been doubled since 1920. About $30,000,000 is invested in industrial enterprises.

The British owned Montevideo Telephone Company, Ltd., which had a capitalization of 217,135 shares of £1 par value was acquired by International Telephone and Telegraph Corporation in 1927 and a new concession contract from the Government permitting extension of modern

[1] Frederic M. Halsey and G. Butler Sherwell, *Investments in Latin America*, II, p. 4 (Department of Commerce, Trade Information Bulletin, No. 382).

telephone service throughout the republic is being negotiated. The corporation has a similar relation with the Sociedad Co-operativa Telefónica Nacional of Montevideo, which is a party to the establishment of the Uruguay-Argentina-Chile long distance installation.

The Montevideo Telephone Company was established in July, 1888, to acquire the business of a local company in Montevideo. In 1889, it purchased the business of a competing company. International is reported to have paid £2 a share for 99% of the outstanding capital stock, or £429,927. Dividends for 1926–28 were paid at the rate of 8% per annum, so that the American investment was acquired on a 4% yield basis.

The Texas Corporation operates in Uruguay through Taranco & Company, who act as distributors for the Texas Corporation in Uruguay of Texaco products.

The International Portland Cement Co., through the Uruguay Portland Cement Co. has a large investment at Montevideo with a daily production of 81,800 barrels.

The Compañía Swift de Montevideo is a subsidiary of Swift Internacional. Armour & Co. have a plant, and refrigerator service and cold storage plants are owned through local subsidiaries.

The Wilson packing interests are represented by the Compañía Wilson Internacional, organized in Uruguay in 1918 with 5,000,000 pesos (gold) of which 4,642,400 pesos are outstanding. The company holds the stock of Frigorífico Wilson de la Argentina and Frigorífico Wilson do Brazil. The former was incorporated in 1913 in Argentina with 10,000 shares of preferred and 40,000 shares of common, both of 100 pesos (gold) par value, and owns and operates a packing plant at Buenos Aires. The Brazilian company was organized in 1918 with 2,000 shares of 1,000 milreis (gold) par value, to own and operate a packing plant at Santa Ana, Brazil.

At the Rio Negro is a larger power plant under construction to cost about $15,000,000.

The National City Bank has a branch in Montevideo

with a capital of 483,000 pesos and deposits of around 1,000,000 pesos.

Ulen & Co., a Stone & Webster subsidiary, has built a water supply and sewer system in three different cities in Uruguay.

The entire amount of American capital invested in Uruguay prior to the war aggregated only $5,000,000.[1] Subsequent investments are detailed hereunder.

UNITED STATES CAPITAL IN URUGUAY

Securities	Amount Issued	Price
1915		
Uruguay 5's	$1,503,325	90
1919		
Uruguay 5's	1,131,500[2]	–
1921		
Uruguay 8's, 1946	7,500,000	99½
1922		
Uruguay 1 year notes, 1923	3,090,000	100
Montevideo 7's, 1952	6,000,000	97
1924		
Uruguay Treasury bills	2,000,000	–
1925		
Montevideo Port Works 6's	1,000,000	–
1926		
Montevideo 6's, 1959	5,171,000	93¼
Uruguay 6's, 1960	30,000,000	96½
1927		
Montevideo Telephone Co.	1,950,000	10

[1] Robert W. Dunn, *American Foreign Investments*, p. 85, gives further details.

[2] Part of a total of $3,943,500 was issued in London.

Venezuela

Venezuela has an area of 393,976 square miles, situated in the northern part of the South American continent. The climate is tropical, with excellent opportunities for coffee and cacao plantations.

Coffee is the most important agricultural article of export — about 40% of the total export and cacao about 10%. Besides sugar, corn and tobacco plantations are a source of income for the population of about 3,000,000, who for the most part live in the highlands and interior valleys. The coffee production yields an annual crop of 100,000,000 pounds and cacao, 40,000,000 pounds.

In recent years, oil has begun to assume a very important part, rising to 60,000,000 barrels in 1927. The export of oil is about 40% of the total exports by value. Gold and copper mining is done, but not to any great extent.

Domestic industries are rapidly developing and increasing in number. The preparation of divi-divi extract for tanning is an industry unique to Venezuela.

The railway system is not large — only about 660 miles, mostly concentrated in the neighborhood of the capital, Caracas, and its port, La Guaira. The roads are privately owned. Highways are under construction throughout the country, and about 6,000 miles are already available for the steadily increasing auto traffic.

United States imports from Venezuela are misleading in view of the large share composed of petroleum products. Aside from petroleum, our imports during the first 10 months of 1928 showed an increase of some 38% over those of the previous year, after a decline of 9% in 1926, and of 17% in 1927. Petroleum production continues to increase steadily, having risen from 36,700,000 barrels in 1926 to 62,800,000 barrels in 1927, and 84,537,000 barrels during the first 10 months of 1928 alone. Our exports, which constitute over 50% of Venezuela's total imports, showed an increase of 57% in 1926, owing to large imports

of oil machinery, pipes, pumps, etc. They declined 15% in 1927, but the figure for 1928 showed a 9% increase.[1]

The Venezuelan petroleum law dates from June 19, 1920. No restrictions are placed on foreign countries other than subjection to the Venezuelan laws and courts and the stipulation that all foreign companies must be legally constituted in Venezuela.

Public Finance. The public debt of Venezuela amounted to 79,953,119 bolivars on December 31, 1927, as compared with 117,348,302 bolivars on December 31, 1922. Of the 1927 total, 45,823,811 bolivars was the external debt consisting of the 3% diplomatic debt of 1905 and the national 3% diplomatic debt (Spanish, French and Dutch), both of which are regularly being redeemed. The form of these debts dates from the settlement with states that blockaded Venezuelan ports in the Castro régime, resulting in protocols signed at Washington in February, 1903. The diplomatic debts represented a consolidation or refunding of earlier debts and the principal issue of 1905 was authorized in the amount of £5,229,700 with 1% sinking fund, customs duties being assigned as a guaranty of redemption. Semiannual service has been uninterrupted since June, 1905, and in December, 1928, the Venezuelan Government began to anticipate redemption by doubling remittances.

The Venezuelan unit of currency, which is on the gold standard, is the bolivar of 19.3 cents par. Since 1919, the bolivar has fluctuated slightly below par.

United States Investments. It is always very difficult to give an estimate, even approximate, of foreign investments. In 1924, the total American investments were valued at $75,000,000, of which one-half was in oil and the remainder in sugar plantations, mines, banks and public utilities.

At the present time, there are three large operating oil companies in the Maracaibo Basin controlled by American

[1] The conclusion is based on Department of Commerce, Trade Information Bulletin, No. 602. Available Venezuelan trade statistics vary greatly in totals, though not essentially in ratios. For instance, the *Commerce Yearbook* gives 1925 imports from the United States as $27,589,000, while the Pan American Union, Foreign Trade Series, No. 45, gives them as $31,550,855.

capital and two companies controlled by British and Dutch capital. In addition, there are innumerable smaller companies. Whereas in 1927 the European companies led in production, American companies at the present time are producing more oil than the others. The output of American-controlled companies during the first three months of 1929 was 19,000,000 barrels, as compared with 13,600,000 barrels produced by the British-Dutch controlled oil companies.

The Royal Dutch Shell group is competing with American interests in the field. Among the more prominent American oil companies owning properties or operating in Venezuela, the following may be mentioned:

The Maracaibo Oil Exploration Corporation was organized in Delaware in 1919. It owns all the capital stock of Mara Exploration Company, Miranda Exploration Company, Paez Exploration Company, Perija Exploration Company, Sucre Exploration Company and Urdaneta Exploration Company. These companies acquired concessions of over 1,000,000 acres of land in the Maracaibo basin. In 1923, an agreement was entered into with the Venezuela Gulf Oil Company, whereby this company purchases gas and petroleum rights on 100,000 acres for $100,000 in cash and in addition a royalty of 10% on all oil and gas produced by these properties. Together with Standard Oil of New Jersey, Maracaibo owns a third working interest in 48,000 acres. In addition, Maracaibo will own rights over 319,000 acres. Capitalization consists of 400,000 shares of no par value, of which 330,000 shares are outstanding and quoted in New York at about $14.

The Gulf Oil Corporation of Pennsylvania was organized in 1922 and owns a controlling interest in the South American Gulf Oil Company of Pittsburgh and the Mexican Gulf Oil Company. It has acquired rights over oil-bearing areas in the Miranda and Perija districts in the Maracaibo basin of Venezuela. The Venezuela Gulf Oil Company, a subsidiary, is engaged in exploring this area, a royalty on production being payable to the Maracaibo Oil Exploration

Corporation, the Creole Oil Corporation and the Venezuela Petroleum Company, owners of the concessions. An ocean terminal outside of the Maracaibo bar has been established. In 1925, Gulf Oil acquired from Cities Service Company 75% interest in the Colombian Petroleum Company which, through the Compañía Colombiana del Petróleo, acquired the Barco concession of 1,300,000 acres in Colombia. The Government having canceled the concession, the company has lodged an appeal.

The New England Oil Refining Co. owns all the capital stock (2,000 shares of $5 par value) of the New England Oil Corporation, Ltd., of Canada, which in turn controls valuable rights and equities in about 210,000 acres of oil concessions in the Maracaibo district.

The General Asphalt Company, a New Jersey corporation formed in 1903, with an outstanding capitalization consisting of 68,722 shares of 8% cumulative preferred stock of $100 par value; 241,278 shares of common stock of $100 par value; and $4,659,200 of 6% convertible gold bonds. It controls the New York & Bermudez Company, organized in New York in 1885, with a capitalization of 10,000 shares of $100 par value. The New York & Bermudez Company owns, in the State of Sucre, Venezuela, fee simple and asphalt mining titles to 11,000 acres of land including and surrounding the Bermudez Asphalt Lake, which contains 1,100 acres of asphalt. Under this mining title, the company has the exclusive right until 1987 to take asphalt, upon payment of 4 bolivars (77 cents) for each ton of asphalt which it exports, the minimum annual royalty to be 100,000 bolivars. The crude asphalt, as mined, is shipped over a three-foot narrow gauge railroad owned by the company, which is seven miles long and runs from the Asphalt Lake to Guanoco. In 1910 the Bermudez Company organized in New Jersey with 1,000 shares of $100 par value, obtained a concession from the Government of Venezuela for the exploitation of oil lands in the State of Sucre, which has been filed upon and at present there has been retained an amount approximating

11,000 acres, which is under a 47-year lease beginning in 1913. The terms of the concession provide for the payment of a land tax at the rate of 8 cents per acre per annum, and a royalty at the rate of 5% of the oil produced and shipped.

Under a contract with the Royal Dutch Shell Group, General Asphalt receives regularly, in kind, one-eighth of the total oil production under the Valladares concession, comprising 312,500 acres in eastern and western Venezuela, and a similar royalty under the Vigas concession, which covers the entire district of Colon, a State of Zulia. Deliveries of royalty oil received in 1927 amounted to 1,318,626 barrels.

The Amerada Corporation operates in Venezuela through a subsidiary, the Esperanza Petroleum Corporation, organized in Delaware with 100,000 shares of $10 par value. It has acquired 132,000 acres of leases in eastern Venezuela. Of the total capitalization, Amerada owns 30,000 out of 63,000 shares outstanding. The total acreage controlled in Venezuela is 700,000.

The Beacon Sun Company, a subsidiary of Beacon Oil Company, was incorporated in 1922 under the laws of Delaware and owns 55 concessions comprising 1,750,000 acres in Venezuela. Most of the acreage is in the Maracaibo basin, with other holdings in the states of Falcon and Guarico. The company's oil-producing properties in the Island of Trinidad were sold to the West India Oil Company.

The Caribbean Petroleum Company, organized in New Jersey in 1911, owns 281,843 acres of oil-bearing land in Venezuela. It is a subsidiary of the General Asphalt Company. In 1923, the active management passed to the Royal Dutch Shell group, General Asphalt receiving $1,500,000 in cash in exchange for its holdings, and an eighth royalty on oil produced from the Valladares in the Colon area. Capitalization consists of $30,000,000, of which $27,243,600 are outstanding.

The Central Area Exploitation Company of Venezuela,

Ltd., was organized in 1926 to acquire from British Controlled Oil Fields, Ltd., the central area of the Buchivacoa concession in consideration for 125,000 shares of £1 par value. The area consists of 640,000 square miles, the western section being retained by the Central Area Company, and the eastern by the Standard Oil Company of New Jersey, and was transferred to the Standard on a royalty basis of 12½%. Standard has a management and sales contract over the entire territory for the life of the concession, agreeing to take delivery of all oil and to provide at its own expense all tanks necessary for taking delivery and pipe lines for conveying the oil to the Coast. By virtue of a sales agreement, Standard has the right to purchase up to 30,000 barrels of oil per day at the market price of crude oil on the day of delivery, plus additional compensation for naphtha contents. A drilling contract has also been entered into with the Standard Oil Company.

Capitalization consists of 625,000 shares of £1 each, of which 125,000 shares were issued to the British-Controlled Oil Fields, and 500,000 taken by the Anglo-Venezuela Trust, Ltd., at 5/7 per share.

The Colon Oil Corporation was organized in 1928 to take over the entire share capital of the Colon Development Company, Ltd., amounting to 100,000 shares of £1 par value, having been organized in 1913 to acquire a Government concession to explore for oil in Venezuela, against a consideration for 25,000 shares of £1 par value. The concession covers about 2,100,000 acres in the district of Colon, State of Zulia, with a frontage of 75 miles on the west shore of Lake Maracaibo. Capitalization consists of 2,700,000 shares of no par value, of which 2,200,000 shares are issued and 550,000 shares held in reserve for conversion of $10,000,000 6% debentures at par in 1928, and convertible into common stock at the rate of 55 shares for each $1,000.

The Creole Petroleum Corporation was organized in Delaware in 1920 as the Creole Syndicate. It is controlled by Standard Oil Company of New Jersey. The Syndicate

originally acquired concessions in Lake Maracaibo, Venezuela, as well as certain options and leases in various South American countries. The consideration for these concessions, etc., was $175,000 cash, and 700,000 shares of stock of the Creole Syndicate. The concessions in Venezuela cover an area of about 12,260 acres and are being developed by the Venezuela Gulf Oil Corporation, a subsidiary of the Gulf Oil Company, under three drilling contracts. In 1926, the Syndicate acquired 30 concessions of 10,000 hectares each in Venezuela, and 13 concessions containing about 118,082 hectares, also in Venezuela. The consideration for these concessions was $390,000 cash and 262,000 shares of the Creole Syndicate. The Creole Petroleum Corporation owns all the outstanding stock of the Webster Syndicate, a Delaware company, which owns two concessions in Venezuela, containing over 24,000 hectares of oil-bearing land. It also owns all preferred stock and over 99% of the common stock of the Condor Oil Company of Venezuela, a Delaware corporation. The consideration was $600,000 in cash, and 259,145 shares of Creole Syndicate. The Condor Company owns 24 concessions of 10,000 hectares each and also 12 concessions aggregating 118,036 hectares in Venezuela. Through stock ownership in the Rio Palmar Oil Fields Corporation, Creole Petroleum owns an additional 27,170 acres in the Perija district, and 941,070 acres in the State of Monogas, in Venezuela. In 1928, Standard of New Jersey acquired 3,025,000 shares of stock of Creole for which purpose the capital was increased to 6,000,000 shares of no par value, of which 2,225,000 shares were issued to the Standard in exchange for all the outstanding stock of Standard Oil Company of Venezuela. In addition, 800,000 shares of Creole were issued to Standard at $10 a share. In November, 1928, Standard advanced $2,905,000, of which $1,001,242 was in payment for tankers, the balance being for current operations.

Creole owns the entire capital stock of the Rio Palmar Oil Fields Corporation, Webster Syndicate, Condor Oil Company of Venezuela, Standard Oil Company of Vene-

zuela, and Venezuelan International Corporation. The Standard Oil Company of Venezuela, in turn, owns the entire capital stock of the American-British Oil Company; and the Venezuelan International Corporation, in turn, owns 100% of the South American Oil & Development Corporation. In addition, Creole owns 51% of the Rio Palmar Land & Timber Corporation, and 70.65% in the Merida Oil Corporation.

Altogether, Creole holds at present about 10,976,000 acres of oil leases in Venezuela, of which 3,905,000 acres will be returned to the Venezuelan Government in accordance with the terms of exploration concessions, so that the net acreage of Creole may be placed at 7,071,000 acres. Arrangements have been made to drill the Delta concession on the eastern coast of Venezuela, owned by the Venezuelan Consolidated Oil Fields, Ltd. The agreement provides that the Creole Corporation will undertake drilling entirely at its own risk and expense. The cost, after payment of royalties amounting to 10%, will be repaid to the Creole Corporation out of all the oil produced, and thereafter the production will be divided, 50% to the Venezuelan Consolidated Company and 50% to the Creole Corporation; but the Venezuelan Consolidated, out of its 50%, agrees to pay a further 2½% royalty to the vendors. The Creole also has an option to purchase the Venezuelan Consolidated share of the production obtained from each of the wells, as they are drilled.

Creole's capitalization consists of 6,000,000 shares of no par value, of which 5,978,900 shares are outstanding. The stock is quoted on the London Stock Exchange at about 35s. a share.

The Falcon Oil Corporation, organized in Delaware in 1927, owns a royalty of 5% on the Maritime concession properties of Lago Oil Corporation situated on the shore of Lake Maracaibo in Venezuela. For 1928, this royalty amounted to 1,188,840 barrels. In addition, the company owns 293,000 acres in the Maracaibo basin and 92,000 acres in the Monogas district. The capitalization consists

of 800,000 shares of $10 par value, of which 680,000 shares have been issued; and of $492,000 7% notes.

The Lago Oil & Transport Corporation was organized in Delaware in 1925. The company owns all the preferred stock and 51% of the common stock of the Lago Oil & Transport Company, Ltd., of Canada, the remainder being owned by Lago Petroleum Corporation; and practically the entire capital of 4,000,000 shares of no par value of Lago Petroleum Corporation, issuing therefor 1 share for each 2 Lago Petroleum shares. The Lago Petroleum Corporation was organized in 1903 in Delaware and acquired 116 concessions in Venezuela, covering an area of 1,159,000 hectares under the waters of Lake Maracaibo. These concessions carry the right to choose an exploitation lot of 10,000 hectares, with the exception of one of the concessions which covers 9,000 hectares. The consideration for these concessions was 1,399,170 shares. In 1924, the company purchased all the assets and concessions of the British Equatorial Oil Company in Venezuela for $1,000,000 cash and £452,500. These assets comprise 6 concessions on the eastern side of Venezuela with an area of 90,000 hectares, with the right to select 45,000 hectares; 5 concessions on the southwest shore of Maracaibo covering 73,133 hectares, with the right to select 30,865 hectares; the national Reserve Maritime Zones with an area of 9,875 hectares; 92½% of the capital stock of the British Zulia Oil Company, a Venezuela corporation with a capital of 30,000 shares, having 4 concessions in the Maracaibo Oil Basin comprising 121,911 hectares, and joint ownership with the New England Oil Corporation of a timber concession of 1,250 hectares. In 1924, the British Mexican Petroleum Company, Ltd., agreed to purchase 400,000 shares in the Lago Petroleum Corporation and a marketing company, known as the Lago Oil & Transport Company, Ltd., was formed in Canada with a capital of 25,000 shares of preferred stock of $100 par value, and 10,000 shares of common stock of no par value. The British Mexican Company subscribed for the preferred stock at par, 51% of the common stock also

being held by the British Mexican Petroleum Company, and the balance by the Lago Petroleum Company. Lago Oil & Transport owns 49,998 shares out of 50,000 shares of Lago Shipping Company of Great Britain, a subsidiary organized to handle all the transportation of Lago Petroleum Corporation production. The company is now controlled by the Pan American Petroleum & Transport Company, which, in turn, is controlled by the Standard Oil Company of Indiana.

The capitalization of Lago Oil & Transport consists of 5,000,000 shares without par value, of which 3,992,394 are issued. Of the total, 95% is held by Pan American. Shares are listed in New York and in London, and are quoted around $32 a share.

The holdings of Lago Oil & Transport Company in the Lagunillas Field in Venezuela exceed 3,500,000 acres, of which more than 500,000 acres are proven. The field has produced to date an average of 250,000 barrels of oil an acre. It is estimated that the life of the company's holdings in the Field is over 50 years. The Pan American Petroleum & Transport Company has completed the first cracking unit of the new refineries on the Island of Aruba, off the coast of Venezuela, to take care of the production of Lago Oil & Transport Corporation in the Lagunillas Field, which amounts to 115,000 barrels per day.

Pantepec Oil Company of Venezuela was organized in 1926 in Delaware. It owns and has options on oil concessions covering about 3,400,000 acres throughout Venezuela. A contract has been entered into with Union Oil Company of California, by which about 854,000 acres of the company's property have been transferred to the Union National Petroleum Company, the Union Oil paying to the National $3,500,000 to be expended during six years for the developing of the company's properties, Pantepec and Union each holding one-half of the capital and sharing equally in the profits. In 1927, a contract was concluded with the California Petroleum Company, under which the latter will pay to Pantepec $500,000, re-

payable in oil or out of dividends received from Union National, and in addition agrees to expend $3,500,000 during five years on developing and drilling about 742,000 acres of the Pantepec properties, in the Maracaibo basin and in north central and eastern Venezuela, the oil to be divided equally between the two companies at the well. An operating subsidiary, known as the California Petroleum Company of Venezuela, has been formed, owned jointly by Pantepec and California Petroleum Company. Upon dealing with the above acreage, the company will have 1,789,118 acres.

The authorized capitalization consists of 2,000,000 shares of no par value, of which 1,507,300 are issued. Quoted in New York and in Boston at about $8 a share.

The Simms Petroleum Company controls the Sobrantes Oil Corporation, which owns 2,000 acres in the Mara district of Venezuela, and the Woodburn Oil Company, which controls 4,000 acres east of Lake Maracaibo, and 7,000 acres west of the lake. The company owns 80% of the Sobrantes Corporation and 85% of the Woodburn Company. The total capitalization consists of 1,000,000 shares of $10 par value, of which 806,038 shares are outstanding. There are outstanding $407,500 of 6% convertible notes, due November 15, 1929.

The Sinclair Consolidated Oil Corporation has extensive concessions in Venezuela, Colombia and Panama, which were transferred to the Venezuela Petroleum Company in 1928, in exchange for 1,001,000 shares.

The Standard Oil Company of New Jersey acquired in 1928 control of the Creole Petroleum Corporation, in which it owns 51% of the stock. The concessions comprise about 760,000 hectares in western Venezuela, and about 400,000 hectares in eastern Venezuela. The corporation also acquired the interests of the Standard Company and its subsidiaries in certain contracts with the British-Controlled Oil Fields, Ltd., the Central Area Exploitation Company of Venezuela, the Maracaibo Oil Exploitation Company, and others. The scheme also in-

volved the acquisition by the Creole Corporation of all the stock of the Venezuela International Corporation, which, through its ownership of all the stock of the South American Oil & Development Corporation, controls certain concessions having an area of about 1,200,000 hectares. In 1929, the company acquired 350,000 shares of common stock in the Beacon Oil Company.

The Texas Corporation, a Delaware concern, owns the Texas Petroleum Company of New Jersey which is developing properties in South America. In Venezuela, the California Petroleum Corporation which, in 1928, was absorbed through exchange of shares by the Texas Corporation, agreed to develop 755,893 acres of the Pantepec Oil Company's properties. The business is handled through a subsidiary company, the California Petroleum Company of Venezuela, the capital of which is held equally by California and Pantepec. In addition, California controls 1,000 acres in the Maracaibo basin.

The Venezuelan Holding Corporation was organized in Delaware in 1925, and has acquired through its Venezuelan subsidiary, the Compañía Venezolana de Fomento, concessions covering 52,715 acres in the Maracaibo basin of Venezuela, and concessions covering 106,125 acres in two areas in the district of Silva and three concessions in the State of Monagas. Capitalization consists of 200,000 shares of no par value, of which 127,110 shares are issued; 50,000 shares being owned by the Venezuelan Mexican Oil Corporation.

The Venezuelan Petroleum Company of Delaware owns four concessions in the Maracaibo basin of Venezuela, covering 122,660 acres, and five concessions covering 72,500 acres in the State of Monagas. Of the Maracaibo concessions, 28,910 acres are being developed by the Venezuela Gulf Oil Company, and 75,000 acres by the Richmond Petroleum Company. Venezuelan Petroleum receives a royalty on oil produced, its share in 1928 amounting to 543,613 barrels. In 1928, 1,001,000 shares were issued to Sinclair Consolidated Oil Corporation, in exchange for certain stocks and advances as follows:

425,000 shares of the capital stock of Apure-Venezuela Petroleum Corporation, which has an authorized capitalization of 500,000 shares, and owns certain concessions in the State of Apure, Venezuela;

240,000 shares of the capital stock of Zamora-Venezuela Petroleum Corporation, which has an authorized capital of 300,000 shares, and owns concessions in Zamora;

22,500 shares of the capital stock of Eastern Zamora Oil Fields, which has an authorized capitalization of 25,000 shares, and owns certain concessions in eastern Zamora;

All of the capital stock of the Cordillera Petroleum Corporation, which has an authorized capital of 1,000 shares, owning certain concessions in Venezuela and a contract relating to properties in Colombia;

780,685 shares of Sinclair Central American Oil Corporation, which has an authorized capital of 1,000,000 shares, and which, through a subsidiary company, owns an interest in a concession in Panama.

The Venezuelan Petroleum Company controls, through its subsidiary companies, 385 petroleum exploration concessions in the States of Apure and Zamora. These concessions cover an area of about 9,500,000 acres.

The company's capitalization consists of 2,000,000 shares of $5 par value. Shares are listed in New York, and quoted around $5.

The California Petroleum Corporation of Venezuela was organized in Delaware with a capitalization of 70,000 shares of no par value, which are held jointly by the California Petroleum Corporation of Virginia and the Pantepec Oil Company. The properties consist of 565,725 acres of exploration concessions and of 99,268 acres of exploitation concessions in Venezuela.

The Caracas Syndicate was organized in Delaware in 1927 with a capitalization of 1,000,000 shares of $5 par value, of which 543,175 shares have been issued. The company owns oil concessions in Venezuela covering about 91,000 acres, and has under contract 75,000 acres.

The Compañía Venezolana de Petroleo was organized in Venezuela in 1923, with a capitalization of $4,825,000, of

which $965,000 have been issued. The company owns leases on 2,500,000 hectares in the Maracaibo basin and a royalty interest in over 200,000 hectares.

The Condor Oil Company of Venezuela was organized in Delaware in 1924 with a capitalization of 825,000 shares of common of no par value, of which 737,500 shares have been issued; and 60,000 shares of preferred of $10 par value. The entire stock is owned by the Creole Syndicate.

The Esperanza Petroleum Corporation was organized in Delaware in 1926 as a subsidiary of the Amerada Corporation. Capitalization consists of 100,000 shares of common of $10 par value, of which 63,000 shares are outstanding. The company has acquired lease-hold covering about 700,000 acres in Venezuela.

The Mara Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with a capitalization of 2,000 shares of no par value.

The Maxudian Petroleum Corporation was organized in Delaware in 1923 with a capitalization of 1,000,000 shares of no par value, of which 801,480 shares have been issued. The corporation holds extensive concessions in Venezuela, including the Frankel lease of about 145 acres, operated by the Lago Petroleum Corporation. An agreement has been entered into with the Union Oil Company of California for the development of about 25,000 acres in the District of Paez, Venezuela.

The Mene Grande Oil Corporation was organized in Delaware in 1924, with 50,000 shares, of which 21,400 have been issued. The company's output averages about 450 barrels per day.

The Miranda Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with 2,000 shares of no par value.

The National Venezuela Oil Corporation was organized in Delaware in 1928, with 2,000,000 shares of $5 par value, of which 900,000 shares have been issued. The company

owns exploration concessions on 402,000 acres and holds contracts for additional concessions aggregating 500,000 acres.

The New England Oil Corporation, Ltd., a subsidiary of the New England Oil Corporation, was incorporated under the laws of Canada in 1921, with 2,000 shares of $5 par value. The company holds concession to 247,000 acres in Venezuela. It was one of the first American enterprises in the Venezuelan Oil Fields, and is understood to have spent more than $1,000,000 in exploring and exploiting the properties. Of the company's acreage about 10,000 acres have been turned over to the Venezuelan Gulf Oil Company for development.

The New York & Bermudez Company, a subsidiary of General Asphalt Company, was organized in New York in 1885, with 10,000 shares of $100 par value.

The Orinoco Oil Company, a subsidiary of the Pure Oil Company, has concession to 312,500 acres in Venezuela. Present activities are confined largely to exploration and geology.

The Paez Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919, with 2,000 shares of no par value.

The Perija Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with 2,000 shares of no par value.

The Richmond Petroleum Company of Venezuela, a subsidiary of the Standard Oil Company of California, was organized in Delaware in 1924, with a capitalization of $500,000. Properties consist of concessions acquired under contract from the Venezuelan Petroleum Company.

The Sobrantes Oil Company was organized in Delaware in 1924 with 50,000 shares of $10 par value, of which 6,078 shares have been issued. Of the stock, Simms Petroleum Company owns 80%. The company owns about 2,500 acres of undeveloped concessions in Venezuela.

The Standard Oil Company of Venezuela was organized under the laws of Venezuela in 1921 and has acquired

83,000 acres from the Maracaibo Oil Exploration Company. It owns, in addition, extensive concessions in eastern Venezuela. All the outstanding stock has been acquired by the Creole Petroleum Corporation. The company also owns the entire capital stock of the American-British Oil Company.

The Sucre Oil Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1920, with 2,000 shares of no par value.

The Texas Petroleum Company, a subsidiary of the Texas Corporation, was organized in New Jersey in 1925, with 10,000 shares of $100 par value, of which 75,000 shares have been issued. The company controls undeveloped prospective acreage in Venezuela, Colombia and other Latin American countries.

The Union National Petroleum Company, a subsidiary of the Union Oil Company of California, was organized in Delaware in 1926, with 70,000 shares of no par value. The company is owned jointly by the Union Oil Company of California and the Pantepec Oil Company of Venezuela, with control vested in the former company. It holds a total of about 880,000 acres located in Venezuela.

The Urdaneta Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1920 with 2,000 shares of no par value.

The Venezuela Maxudian Oil Company was organized in Delaware in 1927, with 2,000,000 shares of no par value, of which 746,956 shares have been issued. The company controls the Maxudian Petroleum Corporation and the Vimox Oil Company.

The Venezuelan Atlantic Refining Company, a subsidiary of the Atlantic Refining Company, was organized in Delaware in 1925 with 1,000 shares of $100 par value. The company has an interest in concessions covering about 662,000 hectares of land in Venezuela.

The Venezuelan Holding Corporation was organized in Delaware in 1925 with 200,000 shares of no par value, of which 127,110 have been issued. The company holds

concessions to 52,715 acres in the Maracaibo Lake Basin, and 106,125 acres east of the lake.

The Venezuelan Seaboard Oil Company, a subsidiary of the Mexican Seaboard Oil Company, was organized in Delaware in 1926 with 50,000 shares of common stock. It owns about 540,000 acres in Venezuela and has a contract with the Venezuela Gulf Oil Company, which calls for the development of 40,000 acres located near the western shore of Lake Maracaibo.

The Texas Company (Caribbean), Ltd., a subsidiary of the Texas Corporation, was organized in Delaware in 1929 with a capitalization of 6,000 shares of $25 par value, for the purpose of marketing a complete line of Texaco products in the West Indies.

The American Maracaibo Company was organized in 1924 under the laws of Delaware with a capitalization of 4,000,000 shares of no par value, of which only 386,000 have been issued. The company owns 7.8% royalty in the Barco concession in Colombia, lying across the Venezuelan boundary and bordering the Colon Development Company. The concession contains about 1,300,000 acres and the properties operated by the Colombian Petroleum Company, in which Gulf Oil Corporation owns 75% and Carib Syndicate the remaining 25%. The company also has about 665,000 acres in Venezuela with a gross production of 5,000 barrels per day.

The Andes Petroleum Corporation was organized in Delaware in 1922 with a capitalization of 2,000,000 shares of no par value, of which 1,667,570 have been issued. Properties consist of 2,775,000 acres in Venezuela, of which Atlantic Refining has a one-half undivided interest in about 580,000 acres in the Maracaibo basin, and in 975,000 acres in central Venezuela. The balance, consisting of 1,220,000 acres is owned entirely by Andes Petroleum Company.

Various Interests. Coal and magnesite mines are exploited by the Maracaibo Coal Co., a subsidiary of the Caribbean Coal Co.

The same company is constructing a railroad.

The Magnesite Products Corporation of New York and Philadelphia has practically a legal monopoly of the magnesite deposits on Margarita Island. The American Magnesite Mining & Manufacturing Co. owns another claim, as does the American Carbon Co.

The Petare Sugar Co., "Central Venezuela," a Delaware corporation, has a capital of $90,000.

The Venezuelan subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $222,204. They include the Cia. Avónima Venezolana e Luz, 23,000 shares of common stock.

The Maracaibo Electric Light Company, established in 1886, with present capital of $500,000, is under American control; while of the capital (400,000 bolivars) of the Maracaibo Electric Street Railway Company, about 50% is American. The Cumana & Carupano Pier & Tramway Co., registered in New Jersey, has a capital of $500,000.

American capital is also interested in the Venezuela Power Co., Ltd., a subsidiary of the International Power Co., Ltd., of Canada. Venezuela Power operates electric light and power business in Maracaibo and Barquisimeto under concessions expiring in 1976 and 1963 respectively, subject, in the case of the Barquesimeto concession to purchase by the municipality in 1938 at a value fixed by arbitration.

The business of the Intercontinental Telephone Company of New Jersey organized to operate in Venezuela, has been taken over by the Venezuela Telephone & Electrical Appliances Company, Ltd., incorporated in 1890. The concession which gave the company the exclusive right to operate expired in 1914; while the concession was not renewed, the company's ownership of its properties is perpetual.

The All America Cables operates over the whole country.

British investments in 1916 were estimated at $40,000,000.

Prior to the war, American investments in Venezuela amounted to only about $3,000,000; by 1920 they had

grown to $20,000,000. Details of American investments in the Republic during the period 1920–28 are presented here.

UNITED STATES INVESTMENTS IN VENEZUELA

Securities	Amount Issued
1924	
American Maracaibo Co.	$7,500,000
Pantepec Petroleum Co. 7% Pref. "B"	2,000,000
Pantepec Petroleum Co. 8% Pref. "A"	740,000
Pantepec Petroleum Co. common	100,000 [1]
Venezuela Petroleum Corp.	1,200,000
Venezuela Gulf Oil	50,000
1925	
Lago Oil & Transport Corp.	40,000,000
Lago Petroleum Corp.	20,000,000
Venezuelan Oil Syndicate	–
Venezuelan Gold Mining & Dredging Co.	1,000,000
1926	
American controlled oilfields	2,000,000
American controlled oilfields	3,500,000
American Maracaibo Co.	800,000
American Venezuelan Petroleum Co.	100,000
Andes Petroleum Corp.	10,850,000
Apur Venezuela Corp.	1,500,000
Beacon Oil Co. @ 19	5,700,000
Caracas Syndicate	1,250,000
Condor Oil Co.	1,250,000
Industrial Issues Corp.	1,500,000
Maracaibo Oil Fields, Inc.	5,000,000
Marine Petroleum Co.	1,250,000
Orinoco Development Co.	4,000,000
Venezuela & National Petroleum Corp.	5,000,000
Venezuelan Eastern Petroleum	100,000
Venezuelan Oil Exploration Co.	5,000,000
Venezuelan Petroleum Co.	1,500,000
Zamora Venezuelan Corp.	6,500,000
1927	
California Petroleum Corp.	1,400,000
Caracas Syndicate @ 2.50	150,000
Oriental Oil Co.	1,000,000
Venezolana Oil Syndicate @ 2.75	275,000

[1] Number of shares without par value.

UNITED STATES INVESTMENTS IN VENEZUELA — *Concluded*

Securities	Amount Issued
1928	
Andes Petroleum Corp.	$1,000,000
Aruba Refining	–
Belgian-French Venezuelan Oil Corp.	500,000
Colon Oil Co. 6's, 1938, @ 100	10,000,000
Colon Oil Co. (common stock)	2,750 000 [1]
Creole Syndicate Corp.	10.000,000
Caribbean Oil Fields of Venezuela	100,000
United Venezuela Oil Corp.	1,500,000
Venezuelan Seaboard Oil Co.	250,000
Venezuelan Speculation, Inc.	150,000
Maracaibo Oil Exploration Co.	100,000

[1] Represents number of shares.

2. The Caribbean Area

Costa Rica

Costa Rica has an area of only 23,000 square miles, with a total population of 471,524. The country is chiefly agricultural, but in place of large estates and plantations, we find here rather well divided smaller holdings.

Coffee is the principal crop, supplying 50% of total exports, the annual production varying between 25,000,000 and 40,000,000 pounds. Costa Rica is one of the most important banana exporting countries, the yearly exports averaging about 8,000,000 bunches.

Total foreign trade for 1926 was $32,788,157, of which $18,962,180 were exports and $13,825,977 imports. The following comparison shows trade with principal countries:

COSTA RICAN TRADE

Countries	Imports, 1926	Exports, 1926
United States	$7,705,640	$7,642,294
United Kingdom	1,990,081	8,643,036
Germany	1,705,000	1,655,000

The United States imports about one-third of what Costa Rica sells to the world, but as our share consists largely of bananas, the figures are less indicative of general economic conditions than might be expected. Our imports in 1926 showed an increase of 47% over the previous year, so that the declines of 14% and 10%, respectively, in 1927 and in the first 10 months of 1928 were not alarming. Our exports account for more than half of Costa Rica's purchases from abroad and showed a decline of 8% in 1926 and increases of 16% and 11% respectively in 1927 and 1928.

Public Finance. At the end of 1927 the debt of the republic was composed as follows:[1]

DEBT OF COSTA RICA—1927

	In Colones
English loan of 1911 (£1,699,780)	33,043,723
French debt (Fcs. 7,350,000)	2,213,155
American loan of 1926 ($7,876,000)	31,504,000
Total external debt	66,760,878
Total internal debt	13,287,064
TOTAL PUBLIC DEBT	80,047,942

In 1927, Spain was reported to have offered Costa Rica a loan of $2,000,000 for the Mortgage Bank of Costa Rica, indicating that Spain is attempting to strengthen its financial, industrial and commercial relations with the Latin American republics.

In 1925, insurance in Costa Rica was decreed a state monopoly and the National Insurance Bank was organized for the purpose of handling the insurance requirements of the country, which theretofore had been in the hands of foreign companies, principally British.

The unit of Costa Rican currency is the colon, which was stabilized in March, 1924, at four colones to the United States dollar. The currency in circulation is paper, which maintains par on exchange.

Investments. Prior to the war, American investments in the republic totaled $7,000,000, of which $4,000,000 represented investments in the Aguacate Mines, incorporated in Maine in 1907 to acquire and operate gold mines in Costa Rica. The company owned the Quebrada Honda Mine, the Los Castros Mine and the Oreamunos group. The company's charter has been forfeited as a result of nonpayment of the corporation franchise tax.

The Northern Railway Company of Costa Rica is owned by American capital, and its 54-mile line is operated by an

[1] *55th Annual Report, . . . Corporation of Foreign Bondholders*, p. 132.

American fruit company in the banana and cacao section on the Atlantic coast. For 1928 the road reported revenues of $782,289 and expenses of $582,527. The British-owned Costa Rica Railway Company has been leased to the Northern Railway Company until the expiration of its concession. It owns 188 miles, running from Port Limon on the Atlantic coast to Alajuela, 12 miles west of San José. Revenues for 1928 amounted to $2,374,052, and operating expenses to $2,085,284. The railway also operates a large iron pier and a smaller wooden pier at Port Limon.

Interests are now placed at more than $30,000,000.

United Fruit Company owns or operates 330 miles of railroads, and 280 miles of tramways, besides its large acreages in banana and cacao lands, amounting to 36,000 acres; it is also understood to control Costa Rica Union Mining Company, a West Virginia corporation owning La Union Mine.

Other United States interests are:

Costa Rica Oil Company, a subsidiary of the Sinclair Consolidated Oil Corporation; the American Manganese Manufacturing Company; the Abangarez Gold Fields; the International Telephone & Telegraph Company; and the Electric Bond & Share Corporation, which through its subsidiary, the American & Foreign Power Company, acquired an interest in companies supplying power and light, electric railway and telephone service in San José, and electric power and light and telephone service in a group of adjacent communities. Total population of the territory served is estimated at 148,000.

Recent investments publicly offered in the United States are presented below.

RECENT UNITED STATES INVESTMENTS

Securities	Amount Issued	Price
1925		
Costa Rica Sterling 5's, 1958	$1,500,000	68
1926		
Keith, Minor Co., Inc. 5's, 1931	6,000,000	–
Costa Rica 7's, 1951	8,000,000	95½
1927		
Costa Rica (Railway) 7½'s, 1949	1,800,000	100
1928		
Puerto Limon	600,000	–

Cuba

Cuba is an independent republic, divided into six provinces, which are free to contract loans for their expenses after approval by two-thirds of the municipal councils within their territory. The republic has an area of 44,164 square miles and an estimated population of 3,568,000.

United States investments in Cuba are larger than in any other Latin American country. The extent to which agricultural corporations have entered the country has given a character to the cultivation of grown products. The small independent farmer class is consequently small.

The "Platt amendment," incorporated by treaty with the United States into the constitution of Cuba pledges the republic to the following conditions: [1]

I. That the Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which

[1] From preamble of the Treaty of May 22, 1903, *Treaties, Conventions, etc., 1776–1909*, I, p. 362. See also *Cuba and the Platt Amendment*, Foreign Policy Association, Information Service, 1929, Vol. V, No. 3.

will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for naval or military purposes or otherwise, lodgment in or control over any portion of said island.

II. That said Government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provisions for the ultimate discharge of which, the ordinary revenues of the island, after defraying the current expenses of Government, shall be inadequate.

III. That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba, imposed by the treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

VII. That to enable the United States to maintain the independence of Cuba, and to protect the people thereof, as well as for its own defense, the Government of Cuba will sell or lease to the United States lands necessary for coaling or naval stations at certain specified points to be agreed upon with the President of the United States.

Cuban commercial relations with the United States are on a special basis determined by the commercial convention of December 11, 1902, which was approved by an act of Congress of December 17, 1903. By Art. 1 of this convention all articles of merchandise which are the product of the soil or industry of either country and which at the time were free of duty in the other "shall continue to be so admitted by the respective countries free of duty." By Arts. 2 and 3 a reciprocal engagement is taken to reduce the tariff on the merchandise of each country by 20%. Three series of United States products benefit by reductions of 25, 30 and 40% respectively from the Cuban tariff. Tobacco, which was important at that time, is excepted from any benefit.

United States imports from Cuba, which comprise nearly 80% of the total, were $202,678,000 in 1928, or 21% less than in the previous year, and are the least for any similar period since 1914. Our exports have likewise shown a steady decline of 20% in 1926, 3% in 1927, and a further 18% decrease, to $127,859,000, in 1928, each month of 1928 being below the level of the corresponding month of the previous year.

The Cuban situation is dominated by sugar prices, this commodity and its by-products comprising over 80% of Cuba's total exports, with tobacco, cigars, etc., accounting for some 12%. Sugar prices, gauged by the value of United States imports from Cuba, have been lower during 1928 than they have been since 1926. Cuba has never recovered from the effects of the slump in 1920 when sugar dropped from $0.22 in May, 1920, to as low as $0.0166 cents in December, 1921. The past four years has been a period of constant and increasing depression, and recent quotations have been hovering around $0.02. Cuba's production of sugar has nearly doubled since 1912, while production in other centers has gone up even faster, and Cuba's share of the total has steadily declined from a high point of over 25% in 1918–19 to less than 16%. On the other hand, consumption in the United States, Cuba's chief market, has failed to keep pace with the supply, and our imports have only increased from 1,925,000 long tons in 1913 to 3,259,000 tons in 1927. The Government restrictions on production, fixed at 4,500,000 tons in 1926–27 and 4,000,000 tons for the following year, have brought the crop down from a record figure of 5,126,000 tons in 1924–25, but have not effected the sought-for increase in prices.

Public Finance. The Cuban national debt was stated to be as follows in the message of the President to Congress on November 5, 1928: [1]

[1] *Bulletin of the Pan American Union*, Vol. 63, p. 198.

NATIONAL DEBT OF CUBA

	Original Principal	Outstanding Sept. 30, 1928
FOREIGN:		
1904 5's	$35,000,000	$15,607,000
1909 4½'s	16,500,000	13,110,000
1914 5's	10,000,000	6,905,400
1923 5½'s	50,000,000	36,177,600
1927 5½'s	9,000,000	8,100,000
	$120,500,000	$79,900,000
INTERNAL:		
1905 5's	–	$8,064,200
1927 5's	–	2,000,000
	–	$10,064,200
Grand Total	–	$89,964,200

The Cuban external debt is being steadily reduced by sinking fund operations to the extent of $3,500,000 or more per year. All the foreign debt is held in the United States.

The unit of Cuban currency is the peso, with a par on the dollar.

Foreign Investments. The total amount of foreign capital is estimated at $1,750,000,000, of which the United States has invested $1,500,000,000. More American capital is invested in Cuba than in any other Latin American country.

The American investments are divided, according to the Cuban-American Chamber of Commerce, as follows:

UNITED STATES INVESTMENTS

Sugar industry	$800,000,000
Real estate	150,000,000
Railroads	120,000,000
Government bonds	110,000,000
Public utilities	110,000,000
Industrials	50,000,000

Tobacco	$50,000,000
Commercial	40,000,000
Mines	35,000,000
Banks	25,000,000
Miscellaneous	15,000,000
Total	$1,505,000,000

In view of the large amount of American capital invested in the Cuban sugar industry, reference to some of the more prominent sugar companies and their subsidiaries, as well as statistics relating to their outstanding capitalization may be of interest.

SUGAR COMPANIES IN CUBA

Name of Company	Common Stock	Preferred Stock	Bonds and Notes	Controlled by —
Antilles Molasses Co.	–	–	–	American Sugar
Central Cunagua Corp.	$15,000,000	–	–	American Sugar
Cespedes Sugar Co.	3,594,000	$999,000	$2,466,000	– –
Cuba Cane Sugar Co.	4,583,335	50,000,000	25,000,000	– –
Eastern Cuba Sugar Corp.	4,800,000	–	9,100,000	Cuba Cane Sugar
Violet Sugar Co.	–	–	451,000	Cuba Cane Sugar
Cuba Company	9,142,400	2,500,000	4,000,000	– –
Compañia Cubana	5,977,602	–	5,231,000	Cuba Company
Cuba Railroad Co.	500,000 [1]	9,999,000	24,304,000	Cuba Company
Cuba Northern Railways Co.	16,500	–	21,450,000	Cuba Company
Consolidated Railroads of Cuba	145,532	36,549,735	–	Cuba Company
Espirituano Railway Co.	–	–	–	Cons. Railroads
Cuban American Sugar Co.	10,000,000	7,893,800	8,850,000	– –
Chaparra Sugar Co.	–	–	16,000,000	Cuban American
Tinguaro Sugar Co.	–	–		Cuban American
Cuban Sugar Refining Co.	–	–		Cuban American
Unidad Sugar Co.	–	–		Cuban American
Mercedita Sugar Co.	–	–		Cuban American
Colonial Sugar Co.	–	–		Cuban American
San Manuel Sugar Co.	–	–		Cuban American
Chaparra Railroad Co.	–	–		Cuban American
Cuban Dominican Sugar Corp.	47,400,570	–	15,218,000	– –
Santa Ana Sugar Co.	–	–	1,510,000	Cuban Dominican

[1] Denotes number of shares without par value

SUGAR COMPANIES IN CUBA — *Concluded*

Name of Company	Common Stock	Preferred Stock	Bonds and Notes	Controlled by —
Sugar Estates of Oriente	$14,240,007	$4,000,000	$5,600,000	Cuban Dominican
Cia. Central America	–	–	3,506,890	Sugar Estates of Oriente
Cia. Central Altagracia	–	–	–	Sugar Estates of Oriente
Guantanamo Sugar Co.	4,050,000	1,828,800	–	– –
Guantanamo Railroad Co.	998,900	–	1,199,360	Guantanamo Sugar
Santa Maria Sugar Co.	–	–	–	Guantanamo Sugar
Manati Sugar Co.	10,000,000	3,500,000	6,973,590	– –
Ferrocarril de Tumas	–	–	–	Manati Sugar
Landholding & Townsite Co.	–	–	–	Manati Sugar
New Niquero Sugar Co.	4,500,000	–	700,000	– –
Punta Alegre Sugar Co.	19,076,850	–	8,414,000	– –
Baragua Sugar Co.	–	–	3,395,000	Punta Alegre
Canasi Sugar Co.	–	–	664,144	Punta Alegre
Florida Sugar Co.	–	–	–	Punta Alegre
Belmonte Company	–	–	–	Punta Alegre
Antilla Sugar Co.	5,000,000	5,100,000	11,575,000	Punta Alegre
Fidelity Sugar Co.	–	–	–	Punta Alegre
Ceballos Sugar Co.	–	–	1,683,500	Camaguey Sugar
Atlantic Fruit & Sugar Co.	14,962,055	–	12,392,500	– –
Beattie Sugar Co.	2,500,250	766,200	2,679,500	– –
Beattie Shipping Co.	–	–	–	Beattie Sugar
Camaguey Sugar Co.	10,400,000	450,000	5,487,658	– –
Caracas Sugar Co.	1,000,000	2,000,000	2,000,000	–
Caribbean Sugar Co.	157,414 [1]	1,500,000	2,600,000	–
Central Cuba Sugar Co.	4,500,000	500,000	892,237	

Central Teresa Sugar Co. (Md.)	1,910,290	1,589,710	411,000	– –
Central Teresa Sugar Co. (N. J.)	100 [1]	–	–	Central Teresa (Md.)
Ermita Sugar Co.	1,500,000	300,000	925,000	– –
Ferrer Sugar Co.	2,044,400	722,200	1,583,000	– –
Francisco Sugar Co.	5,000,000	–	5,781,570	– –
Matanzas-American Sugar Co.	1,213,300	490,800	551,500	– –
Cia. Azucarera Jesus Maria	10,000	–	–	Matanzas-Am.
Salamanca Sugar Co.	356,656	4,271,355	118,900	– –
Colonia Macagualito	–	–	–	Salamanca
San Juan Sugar Co.	950,000	796,800	1,750,000	– –
Cuban Sugar Mills Corp.	–	–	826,500	San Juan Sugar
Santa Cecilia Sugar Corp.	105,000 [1]	870,213	1,349,000	– –
Tuinucu Sugar Co.	4,250,000	–	821,000	– –
Vertientes Sugar Co.	19,000,000	3,338,400	9,700,000	– –
Warner Sugar Co. of Cuba	–	–	–	Warner Sugar Corp.

[1] Denotes number of shares without par value.

The Bethlehem-Cuban Iron Mines Company with a capitalization of $2,339,940 owns property near Santiago equipped to produce 230,000 tons of iron ore per annum, and properties near Nipe Bay, equipped to produce 500,000 tons of nodules per annum.

The Los Cerros Copper Company, organized in 1905 in Arizona, with a capitalization of $500,000, owns copper and zinc mines in the Province of Santa Clara.

The Cuban Industrial Ore Company organized by Philadelphia interests with $1,000,000 owns 371 acres in Pinar del Rio.

The Iron Field Company, controlled by Minnesota interests, owns iron ore areas on the Isle of Pines.

The Minas de Matahambre, controlled by the American Metal Co., Ltd., capitalized at $9,200,000, owns copper mines in Pinar del Rio and a power plant at Santa Lucia.

The Pinar Copper Company, capitalized at $5,000,000 of which $3,546,000 is outstanding, owns copper mines in Pinar del Rio.

In the United Railways of Havana there is invested about $15,000,000 of American capital, but this company is still controlled by the British.

Practically all American sugar plantations own their own railroads. Another American-owned company is the Guantanamo & Western Railroad Company, organized in 1919 in Maine. Capitalization consists of $2,750,000 7% preferred stock, $250,000 5% preferred stock, and $2,750,000 common stock. There are also outstanding $3,000,000 of 6% bonds, due in 1958.

The Havana Electric Railway, Light & Power Company was incorporated in 1926 under the laws of Maine to acquire the street railways of the Havana Electric Light & Power Company, the Camaguey Electric Company, S. A., and the Santiago Light & Traction Company. It also acquired the stock of the Insular Railway Company. Together with its subsidiaries, the company operates 128 miles of track, of which 107.6 miles are in Havana and Mariano, 8.6 miles in Camaguey, and 11.8 miles in Santiago. The capitalization

consists of 200,000 shares of common of no par value, carried at $7,953,830, and 126,500 shares which are reserved against subscription warrants. There are also outstanding $5,000,000 of 6% preferred stock, $6,745,450 of first mortgage 5% bonds due in 1952, and $5,500,000 of 5½% bonds due in 1951, which were offered for public subscription in 1926 at 92%, with warrants to buy 23 shares of common at $45 for every $1,000 bond, payment to be made in cash or in bonds at 103½%.

The Compañía Terminal Atares is operating the harbor works of Habana with American capital and American management.

The Cuban holdings of the General Electric Co. are valued at $10,000,000.

The Cuban American Telephone and Telegraph Company is jointly owned by the American Telephone and Telegraph Company and the International Telephone and Telegraph Corporation. It operates the three Key West-Habana cables. The Cuban Telephone Company in the same system was incorporated in 1908 under the laws of Delaware and holds concessions from the Cuban Government for the installation and operation of a general and long distance telephone system extending over 1,200 miles and covering practically the entire island of Cuba, and including the City of Habana and the chief cities and municipalities of the island. The concession confers similar rights with regard to local telephone service, except within the radius of existing concessions which relate to 11 towns and municipalities. The company serves 351 cities and towns and owns 14 automatic and 135 manual exchanges. It holds $421,100 out of $500,000 of stock of the Havana Subway Company, together with the entire first and second mortgage issues of the company, aggregating $500,000 and $200,000 respectively. The company further owns all the outstanding stock of the Radio Corporation of Cuba. The outstanding capitalization consists of $14,142,076 of common stock of $100 par value out of an authorized issue of $18,000,000; 60,711 shares of 7% preferred stock of $100

par value out of an authorized issue of 120,000 shares, $3,485,604 of first mortgage 5% bonds and $4,311,600 of first lien and refunding mortgage 7½% bonds Series A. The latter were offered in 1925 at 95% and interest.

All America Cables, Inc., has a station at Santiago.

The Cuban subsidiary of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $17,395,693. The principal subsidiary is the Havana Electric & Utilities Company, which was incorporated in 1925 under the laws of Maine as a holding company to readjust the share capitalization of the Havana Electric Railway, Light & Power Company. It owns all the outstanding common and second preferred of the Cuban Electric Company, which supplies electric power and light service in 165 communities in Cuba, including one supplied with gas and four with water service. Ice plants are also operated in eight communities. The capitalization consists of 1,000,000 shares of common stock of no par value, $21,000,000 6% first preferred stock of $100 par value, and 300,000 shares preference stock of no par value. The capital stock of the company was carried on the balance sheet, as of December 31, 1928, at $98,401,926, represented by 1,000,000 shares of common stock, 201,989.17 shares of 6% first preferred stock, and 294,664.94 shares of $5 preference stock. The company controls the Cuban Electric Company which was organized in 1927 in Florida, to supply electric power and light service to the major portion of the important cities and towns in Cuba. The capitalization consists of 3,000,000 shares of common stock and 800,000 shares of preferred stock, both of no par value. On December 31, 1928, there were outstanding 2,500,000 shares of common, 200,000 shares of $6 preferred, and 542,100 shares of $6 second preferred. There are also outstanding $3,998,000 of 6% first mortgage gold bonds due in 1954 of the Havana Gas & Electric Company.

The Havana Docks Corporation is another American-owned Cuban public utility, with a capital of $10,000,000.

American tobacco investments are estimated at $50,-

000,000. The American Cigar Co. controls the Cuban Tobacco Co. and the Havana Tobacco Co.

The United Fruit Co. owns plant and equipment valued in 1923 at $47,286,147. In 1928 its holdings amounted to 92,047 acres of sugar lands and 340 miles of railroad.

The Atlantic Fruit Co. owns 178,000 acres of banana and sugar lands.

The International Harvester Co. has some 3,000 acres for the cultivation of sisal fibre.

The Havana Coal Co., about $1,500,000.

The Sinclair Cuba Company, a subsidiary of Sinclair Consolidated Oil Corporation, operates oil distributing stations in Havana, and other Cuban ports. It also furnishes fuel oil for the United Havana Railroad and the Cuban Railroad Co.

The Standard Oil Company of Cuba, a subsidiary of the Standard Oil Company of New Jersey was organized under the laws of Cuba for the purpose of operating refineries at Belot and Habana, and marketing the Standard Oil Company of New Jersey products in Cuba.

The Texas Corporation (W. I.) Ltd., a subsidiary of the Texas Corporation, was organized in Cuba in 1919 with a capitalization of 2,000 shares of $100 par value.

International Portland Cement Co. has a daily capacity of 3,000 barrels, capital $3,000,000.

The Cuban Distilling Co. is owned by the United States Industrial Alcohol Co., and represents about $30,000,000.

Armour & Co. operate a large packing plant.

The Govin Brothers own the following newspapers: La Prensa, Re Mundo, The Havana Post and the Havana Telegram.

The Sevilla-Biltmore Hotel, with a capital of $2,000,000, is American-owned.

For the purpose of erecting and operating a first-class hotel in Habana, there was organized in 1929 under the laws of Delaware the National Hotel of Cuba Corporation. The hotel is to be located on a site leased for a period of 60 years, after which period the land and improvements

are to revert to the Cuban Government. The actual investment is placed at more than $7,000,000. The company's capitalization consists of $6,250,000 6% income debentures, 14,500 shares of $6 cumulative preferred stock of no par value, and 147,000 shares of common stock of no par value. The United States Realty & Improvement Company has purchased for $1,300,000 in cash the entire issue of preferred stock and part of the common stock.

Important steamship lines with Cuban connections are:

The Atlantic Gulf and West Indies Steamship Line;

The Atlantic Fruit Steamship Lines;

The Grace Steamship Co.;

The Munson Lines.

The Pan American Express Co. is established in the country.

Ford has many branches.

The Coca-Cola Co. has manufacturing plants in Habana and Santiago.

The American Chamber of Commerce in Cuba has a membership of about 260 member firms.

The National City Bank of New York has 24 branches in Cuba. The Trust Co. of Cuba is an American concern. The First National Bank of Boston has a branch at Habana and sub-branches at Santiago and Cienfuegos. Federal Reserve Banks of Boston and Atlanta have Cuban connections. The total American investments in the banking field are $25,000,000.

Standard Brands, Inc., operates in Cuba from a wholly-owned subsidiary known as the Compañía de Levadura Fleischmann, S. A.

Under date of September 1, 1929, it was announced that the American Water Works & Electric Company had acquired water works at Regla and Marianao in Cuba. This was said to be the first foreign investment of the corporation and constitutes the first step toward acquiring properties in Latin American countries.

Prior to the war, American investments in the island were placed at $220,000,000, composed of government and

municipal bonds, railroad securities and industrial enterprises, especially sugar and tobacco. Investments made in subsequent years are tabulated hereunder:

UNITED STATES POSTWAR INVESTMENTS IN CUBA

Securities	Amount Issued	Price
1914		
Cuba 5's, 1949	$10,000,000	98½
1915		
Havana Electric Ry., Lt. & Power Co. 6's, 1917	2,000,000	99
Cuba Railway Co. 5's, 1916–25	550,000	–
Manati Sugar Co. 6's, 1917–20	2,500,000	–
Cardenas American Sugar Co. 7% Pf.	1,250,000	90
Cuba Mortgage Bank 6's, 1966	4,000,000	–
Punta Alegre Sugar Co. 6's, 1935	1,250,000	100
1916		
Cuba Cane Sugar Corp. 7% Pfd.	50,000,000	97½
Cuban Portland Cement (common)	1,500,000	–
Santa Cecilia Sugar Co. 8% Pfd.	721,000	100
Manati Sugar Co. (common)	6,500,000	100
Manati Sugar Co. 6's, 1941	4,000,000	100
Punta Alegre Sugar Co. (common)	2,000,000	–
Punta Alegre Sugar Co. 6's, 1941	3,000,000	–
Cuba Railroad Co. 5's, 1919	3,000,000	100
Cuban Sugar Mills Corp. 6's, 1941	1,500,000	97½
Central Teresa Sugar Co. notes	–	–
1917		
Central Sugar 7% Pfd.	3,000,000	–
Havana El. Ry., Lt. & Power Pfd.	6,000,000	100
Central Teresa Sugar Co. 1-year notes	1,000,000	–
Cuban American Sugar 6's, 1918–23	6,000,000	96¼–99.17
1918		
Central Sugar 7's, 1919	1,000,000	99
Central Teresa Sugar notes	600,000	–
1919		
Cuba Railway 5's, 1969	1,150,000	88
West India Sugar Finance 7's 1929	5,000,000	97½
West India Sugar Finance 8% Pfd.	3,500,000	100
Central Teresa Sugar 8% Pfd.	1,750,000	–
Manati Sugar (common)	4,165,600	–
Cuba Cane Sugar Co. 7's, 1929	25,000,000	100

UNITED STATES POSTWAR INVESTMENTS IN CUBA—
Continued

Securities	Amount Issued	Price
1920		
Cuba Cane Sugar 7's, 1930	$25,000,000	100
Cuba Railroad 7's, 1930	1,700,000	–
Caracas Sugar (shares)	500,000	50
1921		
United Railways of Havana 7½'s, 1936	6,000,000	99
Cuban American Sugar 8's, 1931	10,000,000	100
Havana Docks 7's, 1937	3,300,000	95½
Havana Elec. Ry., Lt. & Power 7's, 1926	1,500,000	97
Cuban Telephone 7½'s, 1941	4,000,000	95
Cuban Railway, 7½'s, 1936	4,000,000	99½
Cuba 1-year 6's	5,000,000	99½
1922		
Cuba 6's, 1929	10,000,000	88.35
New Niquero Sugar 7's, 1932	1,000,000	95½
Manati Sugar 7½'s, 1942	8,000,000	100
Cuban American Sugar 7's	500,000	94
Francisco Sugar 7½'s, 1942	5,000,000	100
Punta Alegre Sugar 7's, 1937	5,820,700	100
Baragua Sugar 7½'s, 1937–47	4,500,000	100
Havana Elec. Ry., Lt. & Power 5's, 1962	3,600,000	85
Eastern Cuban Sugar Corp. 7½'s, 1937	10,000,000	100
Sugar Estates of Oriente 7's, 1942	6,000,000	97½
Sevilla-Biltmore Hotel 7½'s, 1937	2,000,000	100
Camaguey Sugar 7's, 1942	6,000,000	97½
Vertientes Sugar 7's, 1942	10,000,000	97½
1923		
Cuba 5½'s, 1953	50,000,000	99¼
Beatti Sugar 7½'s, 1942	3,000,000	100
Ermita Sugar 7½'s, 1942	1,200,000	100
Violet Sugar 7's, 1924–34	679,000	100–100.96
Warner Sugar 7's, 1938	6,000,000	96½
American & Foreign Power 7% Pfd.	38,400,000	–
1924		
Cia. Azucarer Aantilla (Antilla Sugar) 7½, 1939	6,000,000	98
Cuba Northern Rys. 6½'s, 1925–32	1,680,000	99½
Sugar Estates of Oriente 8's	2,000,000	93½
Cuban Telephone	14,000,000	–

UNITED STATES POSTWAR INVESTMENTS IN CUBA—
Continued

Securities	Amount Issued	Price
1924		
Ferrer Sugar 7½'s, 1939	$1,500,000	99½
Cuba Northern Rys. 6's, 1966	4,500,000	89½
Cespedes Sugar 7½'s, 1939	3,000,000	99
Cuban Dominican Sugar 7½'s, 1944	15,000,000[1]	97½
Sugar Estates of Oriente 8% Pfd.	2,000,000	93½
1925		
Cuba Co. 6's, 1935	10,000,000	98½
Sugar Estates of Oriente 8% Pfd.	1,350,000	100
Punta Alegre Sugar 6's, 1927	2,000,000	94¼
Caracas Sugar 7% Pfd.	2,000,000	100
Caracas Sugar (common)	500,000	10
Deforest Phonofilm of Mexico and Cuba	1,000,000	–
Havana Elec. & Securities	21,000,000	–
Havana Miramar	2,000,000	–
Hershey Chocolate	20,000,000	–
Nuestra Senora del Carmen Central	2,000,000	–
1926		
Alcucida & Ermita Sugar Mills	8,000,000	–
Compañía Cubana 6's, 1929	5,000,000	100
Cuban-Dominican Sugar (shares)	16,000,000	20
Cuba Railroad 6's, 1936	1,376,000	99½
Cuban Sugar Properties	1,800,000	–
Havana Electric 5½'s, 1951	5,500,000	92
Havana Electric 6% Pref.	5,000,000	100
Havana Electric (common)	8,600,000	43
Shell-Mexico of Cuba	2,000,000	–
Standard Fruit Co.	5,000,000	–
Tropical Fruit Corp.	1,250,000	12½
1927		
Cuba 5½'s, 1928–37	9,000,000	–
Cuban-American Airline	1,000,000	–
Cuban-American Realty Co.	7,700,000	–
Cuba Northern Ry. 5½'s, 1942	20,000,000	98½
Cuban National Syndicate	3,750,000	15
Punta Alegre Sugar 6's, 1930	4,000,000	99
Warren Brothers	4,400,000	–

[1] Of which $10,000,000 for refunding.

UNITED STATES POSTWAR INVESTMENTS IN CUBA—*Concluded*

Securities	Amount Issued	Price
1928		
Francisco Sugar Co. notes 6%, 1958	$2,000,000	98¼
Cuba 5½'s, 1931–32	10,000,000	99¾
American Fruit & Steamship Corp.	3,500,000	–
Fleischman Co.	150,000	–
Guantanamo & Western Ry. 6's Series "A" bonds, 1958	3,000,000[1]	97
Havana Society of Jesus 5¼'s, 1934	1,400,000	100½
International Rock Asphalt Co., Inc. 7½ Pfd.	500,000	100
1929		
Public Works Serial Certificates 5½'s	10,000,000	100

Dominican Republic

The Dominican Republic, occupying with Haiti the island of Santo Domingo or Haiti, has an area of 19,332 square miles, and a population of 1,022,485, chiefly mixed Spanish, Indian and Negro.

The main and almost only industry is agriculture, the principal products including tropical and subtropical products such as sugar, coffee, cacao and tobacco. The country is well known for its mahogany and fine cabinet woods, but the present yield is decreasing due to the exhaustion of the forests.

Sugar supplies 60% of the export, and is shipped to Canada, Great Britain and the Netherlands. The United States is the principal buyer of cacao, coffee, molasses, hides and skins and takes nearly a third of Dominican exports, about $9,400,000 in 1928.

Of late years the imports have advanced more rapidly than the exports, reflecting a heavy inflow of American capital used for public improvements and many other investments. The United States supplies two-thirds of

[1] Of which $1,000,000 for refunding.

Dominican foreign purchases, the figure being $16,800,000 in 1928.

Public Finance. The experience of the Dominican Republic is perhaps the best illustration of the combination of governmental financial ineptitude and of resulting political situations in some parts of Latin America that have excited much concern abroad. So many of the circumstances contributing to such conditions have ceased to exist that a summary account of Dominican experience affords in some degree a measure of the progress registered in the dealings between borrowing governments and lending communities.

The Dominican Republic was not originally a separate Latin American state. Historically, it is the Spanish part of the island of Santo Domingo or Haiti, according as the Spanish or the French nomenclature is used. From 1822 until 1844 it was under the dominion of Haiti. From March 18, 1861, to May 1, 1865, it was annexed to Spain. From then until 1899 the executive power was held by executives sometimes duly elected, but more often of revolutionary origin. In 1869 the Dominican Government secured a nominal loan of £757,700 through a London contractor for conversion and cancellation of debt and the construction of roads. Part of this loan was issued at 70 and part was bought by investment bankers at about 50. It is said that only £38,000 of the capital reached the Dominican Government. From 1872 to 1875 all service on the loan was in default. In 1888 a 6% loan for £770,000 was negotiated, and £591,900 of the 1869 loan was converted under it at 20%. The balance of this 6% issue was offered to the public at 83½. In 1890 a £900,000 6% loan was issued at 77 for the primary purpose of building the Central Dominican Railway. In 1892, both loans went into default. The 1888 and 1890 loans had been issued through a Dutch financial house, and they were a first charge on the revenues of the Republic and a special charge on the customs revenue, for the administration of which a special régime called the *régie* was created. In 1892, the

San Domingo Improvement Company, a New Jersey corporation, was organized to take over the duties of the *régie*. In 1893, a 4% consolidated gold debt £2,035,000 was issued to convert the previous loans and complete the railroad and other purposes. As a result, £731,000 of the 1888 and £571,000 of the 1890 loans, with arrears of interest, were converted. The San Domingo Improvement Company administered the security of the customs revenues. French interests had established the Banque Nationale de St. Domingue, which the Dominican Government had illegally closed. To meet the obligations incurred, a 4% "French-American reclamation consols" loan was authorized, of which $1,000,000 was offered in Paris. In 1897, a 4% unified bond for £1,500,000 and 2.75% bonds for £2,-736,750 were offered in London and Brussels respectively in an effort to consolidate the indebtedness following upon the failure of receipts to meet the January, 1897, coupon on the 1893 bond issue. The Brussels loan converted £2,136,750 of principal and interest arrears. In 1899 the April 1 coupons were in default, and the Dominican Government requested to be placed under the protection of the United States, which refused to accede to the request. In 1900 attempts to settle or compromise the difficulties failed between the Dominican Government and the San Domingo Improvement Company. By an executive order of January 12, 1901, the then President of the Republic ousted the San Domingo Improvement Company and established a commission to perform its designated functions. As a result of negotiations in that year £351,400 of the 1897 4's were canceled and tendered to the Government at 20% of their face value.

The San Domingo Improvement Company had laid its situation before the United States Department of State and negotiations resulted in a conservative agreement by which that company and its then affiliations, the San Domingo Finance Company of New York, the Company of the Central Dominican Railway and the National Bank of San Domingo, should receive $4,500,000 for the relin-

quishment of all their rights and interests. By a protocol [1] of January 31, 1903, between the United States and Dominican Governments the means of paying this amount was left to arbitration, the arbitrators being one Dominican and one United States national and a United States umpire. The amount to be paid was made up of $2,076,635 (£830,654 of 1895 4's and £1,148,600 of 1897 4's) worth of bonds to be canceled at 50% of their face value, $1,500,000 for the railroad and $923,365 for the bank and sundry claims. The arbitral award of July 14, 1904,[2] carefully followed the previously established practices of Dominican public finance. It provided that the principal of $4,500,000 should bear interest at 4%, and that the principal and interest should be paid by monthly instalments of $37,500 for two years and $41,666.67 thereafter. The United States was to appoint a financial agent to receive instalments, with the right to occupy customs houses in case of default. The agent took up his duties on August 1. In October default occurred because the Government demurred at accepting the award unless 60% of the customs receipts were reserved to the state.[3] The financial agent took over the customs houses and began to receive payments.

A protocol signed on February 7, 1905, between the Dominican and United States Governments provided for the collection and disbursement of the customs revenues by an officer appointed by the President of the United States. President Roosevelt in submitting this to the Senate for advice and consent to ratification reviewed the circumstances and urged its acceptance as a duty under the Monroe doctrine. The Senate had not acted upon that treaty when it adjourned on March 4. The President took the initiative in establishing a *modus vivendi* approved by a Dominican decree, by which on April 1 a collector appointed by the President of the United States was to function and deposit funds collected in a New York bank.

[1] *Treaties, conventions, etc.*, Vol. I, p. 414.

[2] *Foreign Relations*, 1904, p. 274.

[3] As the 1904 payments represented only 25% of the 1904 collections, the demand was an unnecessary precaution.

In September, 1906, on the initiative of the United States Government the Dominican finance minister signed a loan contract with New York bankers providing for the issue of a $20,000,000 gold 5% loan to be secured in accordance with the treaty which President Roosevelt intended to make with the Dominican Government. On February 8, 1907, a convention for the collection and application of customs revenues of the Dominican Republic was signed with the United States and entered into force on July 8. It provides in Art. III:

> Until the Dominican Republic has paid the whole amount of the bonds of the debt its public debt shall not be increased except by previous agreement between the Dominican Government and the United States.

The treaty as passed stated in the preamble that a part of a settlement was the sale for the Dominican Republic of 5% bonds to the amount of $20,000,000 to liquidate claims amounting to $17,000,000 and for other purposes. It was stated that the face value of all claims was over $30,000,000. Foreign creditors "have agreed to accept about $12,407,000 for debts and claims amounting to about $21,184,000 of nominal or face value." The convention that entered into force differed from the original draft chiefly in respect to the preamble, which in the first instance had definitely asserted the political interest of the United States in the conduct of Dominican affairs. The 1907 convention recited in the preamble the Dominican obligations, recorded the plan for a loan, and asserted that "the Dominican Republic has requested the United States to give and the United States is willing to give such assistance" as was required for the collection of customs revenues and the application of them to loan service. The convention[1] itself authorized the President to appoint a general receiver of Dominican customs and defined his duties.

[1] *Treaties, Conventions, etc., 1776–1909*, Vol. I, p. 418.

The Dominican 5% customs administration gold bonds for $20,000,000 were issued in New York and dated 1908. In 1918, 5% 20-year bonds were issued in New York for $4,161,300 to meet certain claims against the Government. In 1921, $2,500,000 of 8% four-year bonds were issued in New York for completion of public works. In 1922, this issue was redeemed by part of a 5½% 20-year customs administration sinking fund of the amount of $6,700,000. In 1924, $2,500,000 of 5½% collateral trust gold notes secured on the unissued $3,300,000 of the 1922 loan were sold in New York. In the same year $300,000 of 5½% two-year notes were issued to purchase a public utility company. These 1924 issues were retired by the issuance of the remaining $3,300,000 of the 1922 loan. In 1927 and 1928, a total of $10,000,000 of 5½% 14-year customs administration sinking fund gold bonds of 1926 were issued and with part of the proceeds the 1908 5% bonds outstanding were completely redeemed. The bonds are secured on the customs receipts as collected by the appointee of the President of the United States.

These last issues were in accordance with a convention between the United States and the Dominican Republic signed at Washington December 27, 1924, to replace the convention of 1907. The general receiver is continued in his functions by the new convention, which was made because the contracts for the bond issues of 1908–22 "have proven by experience unduly onerous to the Dominican Republic." The preamble of the convention contemplated that the Dominican Republic might issue a total of $25,000,000 of bonds.[1]

These financial transactions took place while a series of events affecting the political power in the Dominican Republic was occurring. On November 29, 1916, the rule of the provisional president, Francisco H. Carvajal, was terminated by military occupation by American forces acting under instructions of the President of the United States,

[1] *U. S. Treaty Series*, No. 726.

following election disturbances and a refusal of the United States to recognize a president elected by the Dominican Congress. Justification of the occupation was based upon Art. III of the convention of 1907, by which the Dominican Government was not to increase its public debt except by previous agreement with the United States, that apparently having been done by "incurring expense incident to the repression of the revolution." The United States assumed control both of the Government and the finances of the Dominican Republic, officers of the Marine Corps acting on behalf of cabinet ministers. Evacuation of the country by the occupying troups was contemplated by an agreement of evacuation of June 30, 1922. A general election was held in March, 1924, and on July 12 a Dominican president again assumed office. On June 12, 1924, there was signed a convention ratifying the acts of the occupation, which had the effect of making numerous executive orders, resolutions and contracts issued by the United States military government authentic acts of the Dominican Government.[1] On July 12, 1924, the American flag was lowered and the Dominican Government resumed control.

Early in 1929 Charles G. Dawes and a corps of experts reported to the Dominican Government a plan of financial and fiscal reform.

The present application of the customs revenues is as follows:

(1) Expenses of collection;

(2) Payment of interest on all bonds outstanding ($20,000,000 5½%);

(3) Payment of annual sums for amortization of bonds issued;

(4) For purchase, retirement or cancellation of such bonds as may be directed by the Dominican Republic;

(5) If the customs revenues exceed $4,000,000 per annum, 10% of the sum above that amount is used for the further retirement of bonds. Such a surplus has existed since 1924.

[1] *U. S. Treaty Series*, No. 729.

The unit of Dominican currency is the United States dollar.

United States Investments. The National City Bank, with seven branches, plays a very important part in the financial life of the country.

The South Porto Rico Sugar Co. owns all the stock and bonds of the Central Romana, Inc., owning in fee about 75,000 acres in La Romana of which about 40,000 acres are under cultivation. The raw sugar mill at La Romana has a capacity of 90,000 tons of sugar per annum. It also owns an electric plant and other improvements, railroad, etc. South Porto Rico Sugar also owns the entire capital stock of the Dominican Steamship Co. ($125,000) and Yngenio Santa Fe which owns 75,000 acres of land and a mill with a production capacity of more than 40,000 tons of sugar. The property also includes about 30 miles of narrow gauge railroad.

The Bocha Chica Sugar Company owns cane lands and a mill capable of producing 15,000 tons of raw sugar per annum and a Suchar Process Refinery with an annual capacity of 30,000 tons of refined sugar. Capitalization consists of $450,000 common, $1,100,000 8% preferred, $980,000 first mortgage 7½% bonds, due in 1942, and $103,141 purchase money notes.

All America Cables, Inc., has a 30-year concession for the whole international service of the country.

About 21 American sugar mills, with an output of 283,000 long tons annually.

The five Dominican mills of the Cuban Dominican Corp., operating through the Cia. Azucarera Dominicana, the Barahona Co., and the Ingenio Barahona, have a total annual capacity of 1,130,000 bags.

The Blanton Copper Mining Syndicate owns 1,750 acres under Government concession, including the Bucaro copper mines in the Dominican Republic. The company was organized in 1910 in Delaware with 20,000 shares of stock of $25 par value of which 14,400 shares are outstanding and $400,000 bonds of which $180,000 is outstanding. The

company acquired part of the San Cristobal Mining Co. whose concession was declared forfeited. The remainder was acquired by the La Rama Mining and Milling Co. which has a concession on 1,509 acres, on which about $100,000 has so far been expended.

The Islands Gas & Electric Co., controlled by the Southern Cities Utilities Co., owns the entire capital stock of the Compañía Electrica de Santo Domingo which furnishes electric light and power without competition in the cities of Santo Domingo and San Pedro de Macoris, Dominican Republic, and the intervening territory.

In the course of 1928, the Southern Cities Utilities Company acquired from the Dominican Republic the electric and water properties which the Special American Commission headed by General Dawes advised the Republic to sell, on the grounds that it would improve the finances of the Dominican Government. The purchase was made through the Compañía Electrica de Santo Domingo C. por A., the Dominican subsidiary of the Southern Cities Utilities system, and refers to the electric system in Puerto Plata and the electric water works in Santiago. The Dominican company has also acquired the electric system in Lavega, which, together with the already-owned Santo Domingo and San Pedro de Macoris electric systems, cover at present the five largest cities of the Republic, including the capital. The Santiago and Puerto Plata enterprises were acquired in September, 1924, by the Dominican Government.

In 1912 America's investments in the country totaled $4,000,000. Investments made in subsequent years are detailed hereunder:

UNITED STATES INVESTMENTS IN DOMINICAN REPUBLIC

Securities	Amount Issued	Price
1914		
Dominican 5's, 1934	$5,000,000	–
1921		
Dominican 8's, 1925	2,500,000	100
1922		
Dominican 5½'s, 1942	6,700,000[1]	94½
1924		
Dominican 5½'s, 1926	2,500,000	100
Dominican 5½% notes, due 1926	300,000	–
1926		
Dominican 5½'s, 1942	3,300,000[2]	98
1927		
Dominican 5½'s, 1941	5,000,000	100
Dominican Oil Lands	200,000	–
1928		
Dominican 5½'s, 1940	5,000,000	99¼
Islands Edison Co. 5½'s, 1953	2,250,000	96

Guatemala

Guatemala has an area of 48,364 square miles and a population of 2,454,000, of which 60% are Indians and only 2% pure white. The remaining part consists of mixed Indians and mestizos.

Coffee is the main product of agriculture and is raised on about 25% of the total area under cultivation. The total output is about 40,000 metric tons per year, or about 88,000,000 pounds. The German element is very important in the coffee industry and large plantations are owned by German immigrants.

[1] Of which $2,500,000 for refunding.

[2] Of which $2,800,000 for refunding.

Banana growing is the next important business, in which large amounts of American capital have been invested. The yearly output was in 1914 only 2,816,100 bunches but had risen to 6,000,000 bunches in 1927.

The total crop of bananas is exported to the United States. Honey and chicle are also exported in large quantities, averaging a million kilos per year. Other agricultural products include sugar, corn and beans, which are, however, almost exclusively consumed locally.

The railways are not yet developed to any appreciable extent and only 683 miles were under exploitation in 1927.

Coffee represents 80% of the total export and bananas 10%. About 50% of the total imports and over 40% of the total exports of Guatemala are to or from the United States.

United States imports, which comprise over 40% of Guatemala's total exports, were slightly higher in 1928 than in the previous year, but are not necessarily indicative of general conditions, in view of the fact that Germany takes the bulk of the coffee exports. Our exports in 1928 were the highest on record, being 25% more than in the previous year after a 4% drop from 1926.

Public Finance. Guatemala's debt experience is a familiar one. An independence loan of 1825 went into default from 1828 to 1855, and difficulty with British and German syndicates was almost continuous for 50 years. The first American contract was negotiated in 1908 for a gold loan of $5,000,000. In 1923 conditions were favorable for a recasting of Government finance, and reforms then put into force created a basically sound handling of the debt. The public debt as of December 31, 1927, was: [1]

[1] *Latin American Budgets*, Part IV, *Trade Information Bulletin*, No. 564, p. 19.

PUBLIC DEBT OF GUATEMALA, 1927

	Quetzales	
EXTERNAL DEBT:		
Sterling bonds:		
4 per cent debt of 1895 (including issue of 1913), £907,820	4,412,005	
4 per cent bonds of 1927, £844,603	4,104,771	
Dollar bonds:		
8 per cent Los Altos Railway bonds, due 1934	3,812,000	
8 per cent Republic of Guatemala bonds of 1927, due 1948	2,489,000	
		14,817,776
INTERNAL DEBT		252,419
FLOATING DEBT:		
Claims	166,626	
Deposits	261,176	
Unpaid bills	2,788,117	
Central Bank	3,378,923	
		6,594,842
Total		21,665,037

The unit of Guatemalan currency is the quetzal of a par of $1.00 United States. This unit was fixed and stabilized by a law of November 26, 1924, and the exchange has not materially altered since. The principal circulating medium, however, has been the old peso, which circulates at the rate of 60 pesos to one quetzal, making these paper pesos of a value of $0.0167.

United States Investments. In the republic American investments are larger than those of any other foreign country, amounting to about $50,000,000, and comprising the following establishments:

The International Railways of Central America (total capitalization $40,000,000) operates practically the total mileage in the republic. The lines in Guatemala and Salvador, totaling some 800 miles, are merged into a single system, said to represent an investment of $80,000,000.

The Guatemalan subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $890,357. They include the Empresa Guatemalteca de Electricidad and the Empresa Guatemalteiade

Electricidad. The former, together with associated companies, supplies electric power and light service in 11 communities in Guatemala, including Guatemala City, Escuintla, Antigua, Amatitlan and Palin. The population of the territory served is estimated at 182,000. The capitalization consists of 50,000 shares of common, 75,000 shares of preferred, and 12,000 shares of second preferred. The Empresa Guatemalteiade is capitalized at three shares of common stock.

The Guatemala Marble and Granite Co. and the Novella Cement Co. represent investments of about $700,000.

The Alotepeque Mines has a capital of about $200,000, and the Occidental Railroad has approximately $1,000,000 of American capital invested.

The Guatemala Gold Dredging Company, controlled by New York interests, owns gold mines in Guatemala.

The New York Engineering Company owns a concession on which $400,000 has so far been expended.

The Intercontinent Petroleum Corporation organized in 1916 in Delaware owns oil rights covering 4,500,000 acres through the Guatemala Syndicate. The latter is capitalized at $7,500,000 of which Intercontinent owns 73.3%. A test well is being drilled at El Estor, on the north shore of Lake Izabel.

The Sinclair Exploration Company, capitalized at $10,000, and the Sinclair Central American Oil Corporation, with a capital of $800,100, control the Petrolera Isabel with a 2,000,000-acre concession.

The Guatemala Syndicate, controlled by Intercontinent Corporation which owns 80% of the stock, was organized under the laws of Delaware in 1925 with a capitalization of 1,500,000 shares of $5 par value.

The Perpetual Petroleum Corporation was organized in Delaware in 1923 with a capitalization of 2,000,000 shares of $1 par value, and holds 325,000 acres of unproven oil lands in Guatemala.

The Sociedad Petrolera Izabal-Castellanos y Campañia, Ltda., was organized in Guatemala in 1922 with a capital-

ization of 5,000 shares of $100 par value, of which 2,750 shares have been issued. The company owns a concession in Guatemala comprising 9,000,000 acres.

The Southern Exploration Company was organized in New York in 1922 with a capitalization of 10,000 shares of $10 par value. It holds a potential oil concession of about 4,000,000 acres in Guatemala.

The United Fruit Co. has invested in Guatemala over $4,750,000 and owns about 27,000 acres of improved and 114,500 acres of unimproved land, 115 miles of railway and 163 miles of tramway.

All America Cables, Inc., operates a radio station in Guatemala.

Prior to the war, American investments in Guatemala amounted to $20,000,000, or one quarter more than our investments in the rest of Central America. Subsequent investments were largely of indirect character, and are detailed hereunder:

UNITED STATES INVESTMENTS IN GUATEMALA

Securities	Amount Issued	Price
1923		
International Telephone & Telegraph Co.	$1,425,000	–
1924		
International Rys. of Central America 5's, 1972	1,000,000	71
Los Altos Railway 8's, 1934	3,000,000	–
International Rys. of Central America 5's, 1972	2,500,000	76
United Coffee Mills & Warehouses Co.	300,000	–
1925		
Guatemala (bank loan)	1,500,000	–
International Rys. of Central America 5's, 1972	1,250,000	78½
International Rys. of Central America 5's, 1972	1,750,000	79½
1926		
Guatemala Mining Co.	500,000	–
Guatemala & Salvador Railway Co.	300,000	–
Guatemala Syndicate	6,000,000	–

UNITED STATES INVESTMENTS IN GUATEMALA — *Concluded*

Securities	Amount Issued	Price
1927		
Compañía Agricola de Guatemala	$50,000	–
United Fruit Co.	500,000	–
Guatemala (acquisition of property)	100,000	–
Guatemala (deferred 4% certificates)	500,000	46½
Guatemala 8's, 1948	550,000	101
Los Altos Railway 8's, 1934	1,950,000	–
Guatemala 8's, 1948	2,515,000	–

Dutch Guiana

Dutch Guiana is attracting considerable attention through extensive bauxite mining, which has developed since the World War. American capital invested in the Guianas is estimated at $6,500,000. The Aluminum Company of America has invested $3,000,000 in bauxite mines operated by the "Surinaamsche Bauxite Maatschapij", which is controlled by American capital. The same concern operates in British Guiana through a subsidiary company, the Demerara Bauxite Company, Ltd. Philadelphia interests own large timber concessions, and American capital operates gold mines with a capital of $2,000,000.

No foreign loan has been placed in the United States.

Since 1927, the yearly capacity of the "Surinaamsche Bauxite Mj." and the Kalbfleisch Corporation — both American companies and subsidiaries of the Aluminum Company of America — is each about 200,000 tons a year, of which 176,291 tons are exported to the United States.

The Aluminum Company of America obtains about 40% of the bauxite from Dutch Guiana. The Netherlands is understood to be contemplating levying a tax of 2½ guilders (about $1.00) per ton on the production of bauxite.

Lago Oil and Transport Corporation has refineries on Aruba, Dutch West Indies, where its crude oil from Venezuelan fields is run.

Haiti

Haiti, with a 2,550,000 negro population, has an area of 10,204 square miles. It occupies the western third of the West Indian island known both as Haiti in French and as Santo Domingo in Spanish. French is still the official language, but English is compulsory in the upper schools. A large number of the people in the rural districts are still in a very backward state, but are reputed to be industrious and essentially honest.

Agriculture is the principal and almost only source of wealth; the greater part of the annual crop is consumed in the country itself, and of the exports coffee is the most important. Coffee comprises nearly 80% of the total Haitian exports, so that future trends are largely dependent upon the world coffee market. Cotton, logwood and sugar are minor commodities in the export table.

United States imports — only about $1,500,000 — are not indicative of the general trend, inasmuch as France takes the bulk of the Haitian export coffee crop. United States exports, comprising over three-quarters of Haiti's total imports, are more representative, and showed an improvement every month in 1928 over the corresponding month of the previous year, except September, and attained a figure of $15,246,508.

Public Finance. In July, 1915, the President of Haiti, Guillaume Sam, took refuge in the French legation at Port-au-Prince, from which a Haitian mob removed him and murdered him. The United States, in order to prevent complications with other countries, landed marines, and on September 16, 1915, signed a treaty with the Government that existed in Haiti with respect to the finances, economic development and tranquillity of the country. The following are provisions of the treaty: [1]

Art. VIII. The Republic of Haiti shall not increase its public debt except by previous agreement with the President of the United

[1] *Treaties, Conventions, etc.*, 1910–1923, p. 2675.

States and shall not contract any debt or assume any financial obligation unless the ordinary revenues of the republic available for that purpose, after defraying the expenses of the Government, shall be adequate to pay the interest and provide a sinking fund for the final discharge of such debt.

Art. XI. The Government of Haiti agrees not to surrender any of the territory of the Republic of Haiti by sale, lease or otherwise, or jurisdiction over such territory, to any foreign government or power, nor to enter into any treaty or contract with any foreign power or powers that will . . . tend to impair the independence of Haiti.

Art. XII. The Haitian Government will settle with the United States all pending pecuniary claims of foreign corporations or individuals against Haiti.

A general receiver of customs was appointed on the nomination of the President of the United States to collect, receive and apply all customs duties, and a financial adviser, similarly appointed, was attached to the ministry of finance, "to give effect to whose proposals and labors the minister will lend efficient aid." The treaty was negotiated for 10 years from the exchange of ratifications on May 3, 1916. On March 28, 1917, its life was extended to 20 years, because of Haiti's "urgent necessity for a loan for a period of more than 10 years." On October 3, 1919, a protocol to establish a claims commission was signed, the commission having jurisdiction, among other claims, over the indebtedness represented by the three outstanding bond issues of 1875, 1896 and 1910. By Art. VI of the protocol, it was recorded that Haiti agreed to issue within two years "a national loan of $40,000,000 payable in 30 years by annual drawings at par." A first series of this authorization for $16,000,000 was placed on the New York market in 1922.

The claims commission finished its work in June, 1926. As it effected a settlement of bond claims among others, the record of the awards is appended:

AWARDS OF CLAIMS COMMISSION

	Number Claims	Amount Claimed	Amount Allowed
American	157	$6,037,675.73	$455,729.90
Haitian and various . .	72,133	14,888,728.29	1,615,154.39
French	361	9,674,340.32	572,597.92
	211	6,633,302.33	183,473.61
British	147	347,785.49	109,063.77
	30	997,848.96	67,584.74
Italian	35	21,409.90	13,254.21
	17	164,644.67	7,750.00
German	153	515,710.64	291,657.53
	25	647,781.63	209,914.01
Total	73,269	$39,929,227.96	$3,526,170.08

The collected customs duties are applied by the general receiver as follows, by Art. V of the 1915 treaty:

(1) Payment of salaries and allowances of the general receiver, the financial adviser, and their assistants;

(2) To the interest and sinking funds of the public debt;

(3) To the maintenance of a native police force under American officers;

(4) The remainder to be turned over to the Haitian Government for its current expenses.

The unit of Haitian currency is the gourde, valued at $0.20, the medium of exchange being notes of the National Bank of Haiti, an affiliation of the National City Bank of New York.

Governmental receipts in 1925–26 amounted to $9,073,000 and expenditures to $8,186,000, whereas in 1926–27 receipts were $7,772,000 and expenditures amounted to $7,949,000.

In 1929 the financial adviser-general receiver resigned without the reasons therefor being publicly stated. The United States does not maintain a minister at Port-au-

Prince but the rest of a legation staff is in residence. An American high commissioner resides at Port-au-Prince, receives reports of all treaty officials and himself reports annually to the Secretary of State at Washington.[1]

The Haitian national public debt has been diminishing as follows:

PUBLIC DEBT OF HAITI

	Sept. 30, 1925	Sept. 30, 1928
External debt	$17,564,697	$15,828,894
Internal debt	5,481,553	3,058,729
	$23,046,250	$18,887,623

On September 30, 1927, the total debt was $19,941,370.

Since 1917 the foreign trade has increased by more than 100%. For the year ending September 30, 1928, total trade was $42,215,503, of which $22,667,246 was exports and $20,248,257 imports. France receives 50% of the total exports, coffee being the predominant item. Of the total imports the United States supplies 75%.

United States Investments. The Haitian-American Development Corporation was organized in Delaware with $400,000, divided into 5,000 shares of no par value.

The Haitian Corporation of America, organized in 1923 under the laws of Delaware, owns all the capital stock of the Compagnie d'Eclairage Electrique des Villes de Port-au-Prince et de Cap Haitien, the Compagnie de Chemins de Fer de la Plaine de Cul-de-Sac, and the Haitian American Sugar Company, and 94% of the stock of the Compagnie Haitienne du Wharf de Port-au-Prince. The company owns or controls through ownership of securities the following properties: The Railroad Company operating 55 miles of main lines under exclusive Government concession in force until August 1, 1950, with preference for re-

[1] See Arthur C. Millspaugh, "Our Haitian Problem," *Foreign Affairs*, VII, p. 556.

newal, and an annual interest guaranty from the Haitian Government of $41,200 secured by pledge of Government revenues; also exclusive right for operating the tramways in the City of Port-au-Prince and its suburbs; an Electric Light & Power Company operating under exclusive Government concession in force until 1946 in the cities of Port-au-Prince and Cap Haitien, under contract for municipal lighting secured by pledge of Government revenues; a wharf company operating under exclusive Government concession for the Harbor of Port-au-Prince a commercial wharf with warehouse and freight-handling equipment, and served by the above-mentioned railroad; the concession expiring in 1956 grants exclusive rights, including the collection of a fixed charge of $1 per ton and also service charges on all goods imported and exported at Port-au-Prince whether the facilities of the wharf are used or not; a sugar company which owns in fee and by lease 22,782 acres of valuable sugar land located in the plains served by the railroad and adjacent to Port-au-Prince, of which about 11,500 acres are under cultivation of cane. It also owns a sugar mill near Port-au-Prince with a daily grinding capacity of 2,000 tons of cane, capable of producing annually about 215,000 bags. Capitalization consists of 100,000 shares of no par value, of which 90,890 shares are outstanding. There are also outstanding $2,996,531 of 8% income bonds due in 1938, of an authorized issue of $3,000,000. The total assets of the corporation amounted on June 30, 1927, to $10,896,094.

American capital controls the Société Anonyme Usine à Manteque de Port-au-Prince, capitalized at $90,000 of preferred stock and 2,000 shares of no par value common stock. There are also outstanding 10-year 9% bonds due in 1937 amounting to $200,000, and 8% unsecured notes due serially December 1, 1928, to 1931, amounting to $60,000.

The Haiti Mines Corporation, organized in 1910 under the laws of New York, with a capitalization of 200,000 shares of $5 par value, to acquire the property owned by

the Compagnie Minière des Terres Neuves, a Haitian corporation incorporated in 1905 owning concessions covering 336 square miles and said to contain copper deposits. Construction work was started in 1911, the road running from Port-au-Prince to St. Marc, thence east to Verettes, and is to be extended up the valley of the Artibonite to Hinche, aggregating about 115 miles. Its capitalization consists of 70,000 shares of common stock of $100 par value, and $3,500,000 first mortgage 6% bonds due in 1960. In 1924 the Haitian Government agreed to exchange these bonds for 6% Government bonds Series "C" on the basis of 75% principal amount of Government bonds for 100% principal amount of railroad bonds. The Government in addition paid $35.75 cash per bond deposited.

The Haitian Pineapple Co. has 1,000 acres of pineapple lands, an option on 8,000 acres more and a canning plant.

The Haitian American Sugar Co. owns and operates 20 miles of narrow gauge railroad.

Other American interests include:

The Logwood Manufacturing Corporation;

The North Haitian Sugar Co.;

The Compagnie Haitienne, owned by the American Dyewood Co.;

The United West Indies Co., owning about 10,000 acres.

The National City Co. of New York owns the Banque Nationale de la République d'Haiti (capital $2,000,000) and the National Railroad.

All America Cables, Inc., owns the Haiti Telegraph & Cable Co.

W. R. Grace & Co. owns the stock of the Société Commerciale d'Haiti.

Prior to the war, American investments in the republic were placed at $4,000,000. Details regarding subsequent investments are presented hereunder:

UNITED STATES INVESTMENTS IN HAITI

Securities	Amount Issued	Price
1917		
Haitian American Corporation 7% pfd.	$5,500,000	100
1918		
Haitian American Corporation 7% pfd.	500,000	–
1919		
Haitian American Corporation 7's, 1922–24	3,000,000	98.95–99.30
1922		
Haiti Series "A" 6's, 1952	16,000,000	96½
1923		
Haiti 6's, Series "C," 1953	2,660,000	–
Haitian Corporation of America 8's, 1938	3,000,000	–
1925		
Haiti (internal bonds)	1,743,000	–

Honduras

The Honduran population of 740,000 consists mostly of a mixture of Indian and European blood, pure whites being comparatively scarce. The total area is 46,250 square miles.

The principal activities are the growing of bananas, mining and, formerly, the lumber trade. The export of bananas aggregates about 14,000,000 bunches annually. The banana trade is almost entirely in the hands of American companies, especially the United Fruit Company.

The year 1927 was a record banana year, with 19,000,000 stems exported, but 1928 showed still further improvement, 24,000,000 bunches having been exported in the first 10 months alone. Bananas constitute between 75 and 80% of Honduran exports, with sugar and coffee occupying relatively minor positions. United States imports comprise nearly 80% of the total export trade, but are not indicative

of general prosperity. Our exports likewise constitute some 80% of total Honduran imports. The total trade in 1926–27 amounted to $28,176,000.

Shipment of mahogany and other woods is at present reduced by exhaustion of forest supplies and by inefficient means of transportation. The railways in operation have a mileage approaching 1,000. They include a 60-mile line of the National Railway from Puerto Cortes to Potrerillos and 460 miles owned by the United Fruit Company, which also owns 165 miles of tramways.

Public Finance. The external debt of Honduras for many years consisted of a 5% loan of 1867, a 10% railway loan of 1867, a 6⅔% (French) loan of 1869, and a 10% railway loan of 1870, all of which had a total nominal value of £5,398,570 and all of which were in default from 1872 to 1926. An agreement between the Government of Honduras and the British chargé d'affaires, representing the Corporation of Foreign Bondholders, was signed on October 29, 1925, for the adjustment of the debt. On that date principal and accrued interest amounted to £30,041,504. It was said that comparatively little of the original principal had reached the Honduran treasury for public purposes. By the agreement, the sum of £452,000 was taken as the basic principal on which a settlement was to be made. Cumulative interest of 8.86% was admitted on this sum during the period of amortization, the principal and interest to be covered by half yearly payments of £20,000, or a total of £1,200,000. Bonds received by the Corporation of Foreign Bondholders up to July 31, 1928, and delivered to the National City Bank of New York are canceled at the ratio of £100,000 nominal bonds for each semi-annual payment of £20,000. The guaranty of payments is a special 3% ad valorem tax on customs revenues.

The internal and floating debt of Honduras has offered a problem in recent years. The Government has borrowed from the United Fruit Company, Standard Fruit and Steamship Company, the Cuyamel Fruit Company and some of their subsidiaries. On February 27, 1928, Hon-

duras contracted with the Marine Bank and Trust Company of New Orleans for a loan of $1,500,000 at 7%, guaranteed by custom house receipts. The loan is to be amortized by monthly payments of $25,000, which the Government is to receive from the fruit companies and their subsidiaries on account of the monthly liquidation of customs duties, taxes, port charges, etc., incurred by the companies.[1]

The technical unit of Honduran currency since 1926 has been the lempira, par $0.50. Business is, however, extensively done with the former peso, which sells at the rate of about 2.16 pesos to the dollar. United States currency is in general use in the country.

Investments. The major portion of America's investments in Honduras are those of the United Fruit Company, which owns large plantations (163,000 acres), buildings, railway lines, docks, etc. Of total United States investments in the country, United Fruit Company accounts for about $25,000,000. The company has about 74,000 acres under cultivation.

The Cuyamel Fruit Co., controlled by American interests, has about 250,000 acres, while its subsidiary, the Cortes Company, has 12,000 acres in cultivation. The Cuyamel Fruit Co. has a capital of $18,383,900. Bonds outstanding amount to $4,343,100. Total assets of the company are in excess of $24,000,000. It also operates in Nicaragua.

Other American companies are Vaccaro Bros. & Co., the Tropical Timber Co., and the New York and Honduras Rosario Mining Company, organized in 1880 under the laws of New York, with a capitalization of 200,000 shares of $10 par value. This company owns 63% in the Sabana-Grande Honduras Mining Company. It owns a concession from the Honduran Government expiring December 31, 1940, on 25 square miles of mineral-bearing land at San Juacinto, containing gold and silver. The total assets of the company are in excess of $6,000,000.

[1] *55th Annual Report . . . Corporation of Foreign Bondholders*, p. 228.

The West End Opoteca Mines Company was organized in 1920 in California with 3,000,000 shares of $1 par value, of which 1,788,486 shares have been issued. The company owns 1,500 acres, including the Opoteca silver mines in Honduras.

The America and Honduras Mines Corporation, organized in 1919 under the laws of Delaware, with a capitalization of 500,000 shares of $1 par value, of which 200,000 shares are in the treasury. The United States Continental Mines Company owns 80% of the stock. The company owns 86½%, or 16,786 shares, of the Yuscarán Consolidated Mines Corporation, organized in 1912 under the laws of New York with a capitalization of 20,000 shares of $5 par value to take over and operate the mines of Yuscarán covering about six miles in the Yuscarán District, embracing silver and gold mines, farm and timber lands.

The Copper Consolidated, Incorporated, was organized in 1913 in Delaware with a capitalization of 1,000 shares of no par value. It owns 12,355 acres containing copper mines in the Department of Yaro.

Other American investments include: Antigua Gold and Copper Co., capitalized at $2,000,000; the Central American Petroleum Co., which has a concession of 4,000,000 acres; the Honduras Petroleum Co., and the American Chicle Co.

The American controlled Hondurian Company has been operating the National Railways of Honduras since 1920.

The transportation of bananas is in the hands of the Pan-American Honduras Development Co. of Baltimore.

Details regarding American investments made in recent years through public offerings of securities are given below.

UNITED STATES INVESTMENTS IN HONDURAS

Securities	Amount Issued	Price
1921		
Cuyamel Fruit Co. 7's, 1941	$3,500,000	99
1923		
Cuyamel Fruit Co. (shares)	2,942,500	–
1925		
Cuyamel Fruit Co. 6's, 1940	2,025,000	99
1926		
Honduras 7's, 1929	500,000	98½
1928		
Andes Development Co.	1,000,000[1]	–
Public Utilities Consolidated Corp. 6½'s, 1948	750,000	100

Jamaica

Jamaica, with the adjacent Cayman, Turks and Caicos Islands, has an area of 4,704 square miles and a population of 927,600 persons.

United States trade with Jamaica amounted to $18,-363,000 in 1927 but decreased to $16,139,000 in 1928, chiefly due to a drop of 20% in the value of exports.

Foreign investments are largely American or Canadian, although colonial loans have been handled in the London market.

The Atlantic Fruit & Sugar Company and the United Fruit Company own banana plantations. The former owns fully equipped coconut and banana plantations in Jamaica aggregating 24,830 acres. They have about $7,000,000 invested in railways, hotels, buildings, etc.

United Fruit has 9,700 acres under cultivation and owns 80 miles of railroad and 24 miles of tramways.

The Jamaica Railway Co. is owned by Americans, and is estimated to represent an investment of $12,000,000.

[1] Common stock.

The Jamaica Consolidated Copper Co., with an estimated investment of $6,000,000, brings the total of American investments in this British colony up to $25,000,000.

Stone & Webster, Inc., owns 10,497 shares of common stock in the Jamaica Public Service Company, Limited, valued at about $325,000.

Mexico

A population of 14,234,799 people is living in a vast territory of 760,290 square miles. To compare Mexico with the United States, its area equals that of the states of Wisconsin, Nebraska, Ohio, Indiana, Illinois, Minnesota, Missouri, Michigan, Kansas, Iowa, Vermont, Connecticut, North and South Dakota together. No wonder that there is a great difference in temperature and different kinds of agricultural occupations. The density of population is about 20 per square mile.

The 28 federal states are self-governing and have the right to contract loans and to regulate their own budgets.

About four-fifths of the soil of Mexico is adaptable for agriculture or cattle raising.

The chief staple product is corn, but coffee, sugar, beans and cotton are also raised.

Mexico is extremely rich in mineral resources. During the colonial days, Mexico was an important silver producing country, and silver is still the leading product of the mining business. Coal is found in the State of Coahuila, with an annual output of about 800,000 tons.

However, it is the petroleum wealth of the country which more than any other product has contributed to the influx of foreign capital into the republic.[1] Of the total exports of petroleum, the United States imports 90%, only 10% going to Europe. Petroleum production has declined steadily since 1921, and this has entailed serious loss in Government revenues with accompanying difficulties, but

[1] On the controversy over petroleum properties, see Charles W. Hackett, *The Mexican Revolution*, World Peace Foundation Pamphlets, Vol. IV, No. 5.

its effects upon the life of the people as a whole are less than might be thought from a purely statistical study. From 64,121,142 barrels in 1927 production dropped to 50,150,610 barrels in 1928.[1]

Domestic consumption in a country of some 15,000,000 population is considerable, and with the exception of the mineral products, which are 90% foreign owned, is of far more importance to the country at large than the export demand.

After the election of Obregon in July, 1928, there was a general feeling of increased optimism, which received a setback following his assassination in the same month, but was revived by the peaceful election of Señor Portes Gil in November. There was no tangible improvement during 1928 in Mexican economic conditions which reached their nadir toward the close of 1927, but there has been a decided feeling of optimism since that time owing to political rather than to economic causes.

Of Mexico's foreign commerce, 70% of the imports come from the United States, while of the exports about 75% go to the United States. Leaving petroleum out of consideration, United States imports from Mexico showed a 12% drop in 1927 and a further decline of some 9% during 1928. These decreases compare with a decline in our total imports from Mexico of 18% in 1927 and 13% in 1928.

United States exports to Mexico were 7% less in 1926 than in the previous year, and dropped a further 19% in 1927, increasing some 6% during 1928. Mexico dropped from its position as our leading customer in Latin America in 1921 to second place in 1924, and to third place since that date.

Public Finance. The public debt of Mexico is extensively held abroad and was in default from July, 1914, until an arrangement was effected with an international committee of bankers in 1925. Since that date, some irregularity has occurred in taking up cash warrants issued in connection with the settlement. The total included in the

[1] *Bulletin of Pan American Union*, LXIII, p. 610.

agreement as of December 31, 1925, amounted to 1,561,-438,348 gold pesos, or $778,337,000. Of this amount 671,-236,456 pesos was the railway debt, which is especially secured on the revenues of the National Railways, the accounts of which were gone over by auditors in a report due in 1929. The "direct debt" included in the agreement amounted to 890,201,892 gold pesos. In addition, there was a banking debt and a floating debt. The minister of finance in a statement submitted to Congress on November 29, 1928, gave the debt as follows:

MEXICAN DEBT, 1928

Bonded debt	$18,820,976
Classified floating debt	139,870,350
Unclassified floating debt, estimated	614,421,124
	$773,112,450

This total was apparently independent of the settlement of 1925. Business respecting the external debt is being handled by the International Committee of Bankers of Mexico.[1]

The Mexican unit of currency is the gold peso of $0.4985. On exchange it maintains a position slightly below par.

Foreign Investments. Total United States investments in the republic, at the close of 1928, may conservatively be placed at $1,550,096,000, distributed as follows:

FOREIGN INVESTMENTS

Government bonds (external)	$140,000,000
Government bonds (internal)	15,800,000
State bonds	3,500,000
Municipal bonds	2,500,000
Railroads	300,000,000
Mining and smelting	391,000,000
Oil	408,000,000
Manufacturing	60,000,000

[1] For the present status see *55th Annual Report . . . Corporation of Foreign Bondholders*, p. 243.

Wholesale and retail	$50,000,000
Public utilities	37,500,000
Banks	3,500,000
Plantation and timber	138,296,000
Total	$1,550,096,000

According to the Mexican Department of Industry and Commerce, foreign capital invested in the Mexican oil industry was distributed as follows:

	Amount (Pesos)
American	606,043,000
British	354,776,000
Dutch	71,191,000
Mexican	11,582,000
Miscellaneous	6,933,000
Total	1,050,535,000

This value of roughly $525,000,000 compares with a total investment of $583,159,000 in 1926, when the land costs represented $193,000,000, or one-third of the total. Of the $390,000,000 invested in petroleum enterprises in addition to the land — well construction, tanks, pipe lines, etc. — $224,000,000, or 57.46%, was American.

In connection with the large investments in Mexican oil enterprises, it is of interest to call attention to the completion of a task undertaken by the Mexican Ministry of Industry and Commerce, involving the listing of companies and persons legitimately engaged in petroleum exploitation, for the purpose of avoiding frauds which have so often occurred by the sale of shares in so-called oil companies which in reality do not exist.

The capital invested in industrial establishments is reported to be as follows: [1]

[1] *Bulletin of the Pan American Union*, LXIII, p. 609.

CAPITAL IN INDUSTRIAL ESTABLISHMENTS

Nationality	Amount (Pesos)	Percentage of Total
Mexican	98,180,155	23.78
Canadian	85,566,657	20.72
United States	71,610,092	17.34
English	27,701,906	6.71
French	23,408,947	5.67
Spanish	16,010,012	3.88
German	1,949,921	0.47
Other nationalities and unspecified	88,539,752	21.43
Total	412,967,450	100.00

At $0.48 per peso, $202,364,000.

Oil Interests. Some of the larger American controlled or owned petroleum companies operating in Mexico are:

The Mexican Petroleum Company of California was the first to secure the commercial production of oil in Mexico. It owns storage facilities for about 1,000,000 barrels, tank cars, pipe-lines, refineries and tanker fleet;

The Standard Oil Company of New Jersey operates through various subsidiaries, particularly the Compañía Transcontinental de Petroleo.

The Atlantic Gulf Oil Corporation, organized under the laws of Virginia in 1919, with a capitalization of 200,000 shares of $1 par value, is a subsidiary of the Atlantic Gulf and West Indies Steamship Lines. The company's properties have been sold to the Warner Quinlan Company of New York.

The Atlantic Lobos Oil Company was organized in Delaware in 1919, and has a capitalization of 500,000 shares of no par value, of which 499,433 have been issued, and 200,000 shares of preferred stock of $50 par value. The company owns extensive oil bearing lands in Mexico, and is interested in the Cortez-Aguada Petroleum Corporation, the Adrian

Petroleum Company, Inc., and the "La Atlantica", Compañía Mexicana Productora y Refinadora de Petroleo, S. A.

The California Investment Company of New York is a subsidiary of the Venezuela Mexicana Oil Corporation, and owns a terminal at Tampico, Mexico.

The California Standard Oil Company de Mexico, a subsidiary of the Standard Oil Company of California, was organized in Delaware in 1925. Capital consists of 1,000 shares of common stock of no par value.

Compañía de Gas y Combustible "Imperio" is a subsidiary of the Cities Service Company, and was organized in Mexico in 1919 with a capitalization of 2,000 shares of $50 par value.

Compañía de Terrenos Petroliferos "Imperio", also a Cities Service subsidiary, was organized in Mexico in 1921 with a capitalization of $50,000. The company owns acreage in Tamaulipas and Vera Cruz, Mexico.

Compañía Emmex de Petroleo y Gas, a subsidiary of Cities Service, was organized in Mexico in 1918 and owns acreage in northern Mexico.

The Compañía Petrolera del Agwi, S. A., was organized in Mexico in 1921 with a capitalization of 6,250 shares of common stock of $100 par value. The company owns pipe lines with a capacity of 100,000 barrels per day.

Compañía Transcontinental de Petroleo was organized in Mexico in 1912 with a capitalization of 400,000 shares of common stock of 10 pesos par value. It owns extensive holdings of producing and undeveloped fields in various parts of Mexico.

The Consolidated Oil Companies of Mexico, a subsidiary of Marland Oil Company of Mexico, was organized in 1920 under the laws of Mexico with a capitalization of 10,000,000 shares of one peso par value. The company also has an interest in the Compañía Pet. Franco Espanola, S. A. It owns acreage in Lemon, Vera Cruz, with an output of 1,300 barrels per day.

The Continental Mexican Petroleum Company was organized in 1911 with a capitalization of 5,000 shares of

$100 par value, all owned by the General Petroleum Corporation. The company owns a terminal site opposite Tampico; part of 597 acres of unproven land in the Panuco district; 3,563 acres in the Tantoyuca district; and a joint ownership of leases with the Texas Corporation on 83,165 acres of unproven land in Nuevo Leon.

The Continental Oil Company, incorporated in Delaware in 1929 for the purpose of merging the Marland Oil Company, the Continental Oil Company of Maine and the Prudential Oil Company of Delaware, controls through the Marland Oil Company the Marland Oil Company of Mexico, S. A., with a capitalization of 2,000,000 shares of two pesos par value. This company owns 7,308,135 shares of stock of the Consolidated Oil Companies of Mexico, S. A., leaving 1,018,937 shares in the hands of the public. Shares have a par value of one peso.

The Cortez-Aguada Petroleum Corporation was organized in New York in 1913 with a capitalization of 1,500 shares of $100 par value, as the Mexican subsidiary of the Atlantic Lobos Oil Company.

The Empire Pipe Line Company of Mexico, S. A., a subsidiary of Cities Fuel & Power Company, has a capitalization of 500 shares of $50 par value. It holds acreage under lease in the Cacalilao and Maguabes districts, with an average daily production of 2,450 barrels.

The English Oil Company, S. A., a subsidiary of the Intercontinental Petroleum Corporation, is capitalized at 1,000 shares of one peso (gold) par value. It owns 241 acres in the Panuco district and 1,600 acres in the Tampico district. Daily production averages 2,000 barrels.

The Globe Petroleum Corporation was organized in Virginia in 1922, with 500,000 shares of $10 par value, of which 311,253 shares are outstanding. The company's Mexican properties comprise 4,172 acres in the Tampico district, and 15,692 acres in northern Mexico. It also is interested in the Globe Oil Company, S. A.

The Gulf Coast Corporation, a subsidiary of Cities Fuel & Power Company, was organized in 1910 under the laws

of Virginia, with 200,000 shares of $5 par value, of which 170,000 shares are outstanding.

The Hidalgo Petroleum Company was organized in Delaware in 1921, with 3,000,000 shares of $1 par value, of which 1,205,000 shares are outstanding. Properties consist of 640 acres of unproven land in Port Lobos, Mexico.

The Huasteca Petroleum Company was organized in Delaware in 1907 with an authorized capital of $15,000,000, of which $14,680,000 is outstanding, all owned by the Mexican Petroleum Company, Ltd., of Delaware. It owns or controls about 1,050,000 acres in Mexico, together with pipe lines, railroad, wharfage and terminal facilities.

The International Petroleum Company, a subsidiary of the Mexican Seaboard Oil Company, was organized in Maine in 1910 with 60,000 shares of $10 par value. It owns the entire capital stock of the Compañía Internacional de Petroleo y Oleductos, S. A., and Compañía Mexicana de Terrenos y Petroleo. Properties comprise about 1,377,540 acres, of which 1,000,000 acres are in the state of Tamaulipas.

The Kern Mexican Oil fields, S. A., a subsidiary of Kern River Oil Fields of California, Ltd., was organized in Mexico in 1918, with 250 shares of 100 pesos par value. The company has leases on 28,500 acres under an agreement with Tampico Oil Company, Ltd., and other leases on 5,244 acres. Company's daily production averages 500 barrels.

"La Atlantica" Compañía Mexicana Productero y Refinadora de Petroleo, S. A., a subsidiary of Atlantic Lobos Oil Company of Philadelphia, was organized in Mexico in 1918, with a capitalization of 1,000 shares of $50 par value.

The Lagunita Oil Company, a subsidiary of Cities Fuel and Power Company, was organized in West Virginia in 1912, with a capitalization of 6,000 shares of common and 1,000 shares of preferred stock of $100 par value. The company owns the entire capital stock of the Tampascas Oil Company.

The Mexican Gulf Oil Company, a subsidiary of Gulf Oil Corporation of Pennsylvania, was organized in 1912 under the laws of Delaware, with a capitalization of 8,000 shares of $25 par value. The company owns oil-bearing lands in Panuco, Topila and in the southern fields of Mexico.

The Mexican Seaboard controls a pipe line subsidiary in Mexico known as the Compañía Nacional de Petroleo y Oleoductos, S. A. The company's operations are not very profitable and, for the first half of 1929, the net loss aggregated $13,281.

The Mexican Sinclair Petroleum Corporation, a subsidiary of Sinclair Consolidated Oil Corporation, owns and operates extensive oil-bearing lands in Mexico.

The Mexico Ohio Oil Company, a subsidiary of the Ohio Oil Company, was organized in Delaware in 1926, with a capitalization of 500,000 shares of no par value, of which 400,000 shares have been issued. The company owns all the stock of the Ohio Mexican Oil Corporation, S. A., with the exception of directors' qualifying shares. The properties of the latter company consist of oil and gas concessions on 3,500,000 acres in West Central and North Central Coahuila. Additional acreage is being acquired in the State of Nuevo Leon.

The Mexico Oil Corporation was organized in 1919 under the laws of Maine, with a capitalization of 2,500,000 shares of $1 par value, of which 1,500,000 shares have been issued. The company has an interest in the Compañía Nueva de Petroleo Mexicana, S. A.

The New England Fuel Oil Company was organized in 1911 under the laws of Maine, with a capitalization of 25,000 shares of common of $10 par value. The company's Mexican properties produce about 750 barrels per day.

The Ohio Mexico Oil Corporation was organized in Mexico in 1926, with a capitalization of 500,000 shares of 20 pesos par value.

The Otontepec Petroleum Company, S. A., a subsidiary of the Venezuela Mexican Oil Corporation, holds leases

on about 19,000 acres of land in the southern fields of Mexico.

The Panuco Boston Oil Company, a subsidiary of Atlantic Oil Producing Company, was organized in 1914 under the laws of Maine, with a capitalization of 10,000 shares of $100 par value. The company owns 511 acres near the Panuco Fields in Mexico, with nine producing wells and an average daily output of 650 barrels.

The Penn Mex Fuel Company, a subsidiary of the South Penn Oil Company, was organized in Delaware in 1912, with a capitalization of 400,000 shares of common of $25 par value. The company controls 160,000 acres under lease and in fee in the State of Vera Cruz, and it also has important holdings in the Paciencia Fields in Mexico.

The Southern Fuel & Refining Company, a subsidiary of Cities Fuel & Power Company, was organized in Delaware in 1911 with a capitalization of 99,500 shares of $10 par value. The company owns 441,000 acres of oil-bearing land in Mexico.

The Sun Oil Company operates in Mexico through its Mexican subsidiary, the Sun Oil Company of Mexico.

The Tal-Vez Oil Company, a subsidiary of the Southern Oil & Transport Corporation, was organized in Mexico in 1910 with a capitalization of 100 shares of 1,000 pesos par value. The company's properties have an average daily production of 10,000 barrels.

The Tamihua Petroleum Company, a subsidiary of Mexican Petroleum Company, Ltd. of Delaware, was organized in Maine in 1906 with a capitalization of $1,000,000.

The Tampascas Oil Company of Mexico, a subsidiary of Lagunita Oil Company, was organized in West Virginia in 1912 with a capitalization of 200 shares of $100 par value. The company's Mexican properties have an average daily production of 95 barrels.

The Texas Company of Mexico, S. A., a subsidiary of the Texas Corporation, was organized in Mexico in 1917, with a capitalization of 53,000 shares of 100 pesos par value, of which 35,000 have been issued. The company

owns about 175,000 acres of leases and fee lands in the Gulf Coast area.

The Tuxpam Petroleum Company, a subsidiary of Mexican Petroleum Company, Ltd. of Delaware, was organized in 1906 under the laws of Maine with a capitalization of $1,000,000.

The Tuxpan Oil Company, a subsidiary of Producers Oil Corporation of America, was organized in 1907 under the laws of Delaware with a capitalization of 600 shares of common of $100 par value, and 300 shares of preferred of $100 par value. None of the preferred stock has been issued. The company owns 8,000 acres of oil lands in the State of Vera Cruz.

The Venezuelan Mexican Oil Corporation was organized in Virginia in 1917 with a capitalization of 1,500,000 shares of common of $10 par value, of which 719,250 have been issued, and 75,000 shares of 8% preferred of $10 par value, of which 24,414 have been issued. The company owns the entire capital stock of the Otontepec Petroleum Company, the California Investment Company, S. A., and the North American Leasing Corporation. The company owns properties in Mexico and concessions in Venezuela.

The Pan American Petroleum & Transport Company was organized in Delaware in 1916. It owns 98% in the Mexican Petroleum Company, Ltd., and 95% in Lago Oil & Transport Corporation. The Mexican Petroleum Company, Ltd., on the other hand, owns 99¼% in the Mexican Petroleum Company of California, 100% in the Huasteca Petroleum Company, 100% of the Tuxpam Petroleum Company, 100% of the Tamiahua Petroleum Company, 100% of the Mexican Petroleum Corporation of Louisiana, and 100% of the Mexican Petroleum Corporation. The fleet of oil-carrying steamers owned by the Pan American consists of 31 vessels totaling 273,333 tons, with carrying capacity of 1,800,000 barrels. These vessels are leased to the Huasteca Oil Company and, together with five vessels leased from outsiders, transport the company's oil from Tampico, Mexico, and Destrehan, Louisiana, to various

stations of the company on the Atlantic and Gulf coasts of the United States, and in Panama and South America. The company's Mexican properties cover an area of about 1,500,000 acres and are located principally in the Tampico district. The output for 1927 was 24,000,000 barrels, against 33,000,000 barrels in 1926. It also owns and operates about 750 miles of pipe lines in Mexico with a capacity of 135,000 barrels per day, carrying oil from the southern fields to Tampico, and 90,000 barrels per day from the Panuco fields to Tampico. It also owns and operates at Tampico a complete refinery, with a capacity of 130,000 barrels of crude oil per day. The company further owns storage facilities in Mexico, of about 10,000,000 barrels, and a railroad 65 miles long running from San Geronimo to Cerro Azul.

The company's capitalization consists of $230,000,000, divided into 1,100,000 common shares of $50 each; 3,000,000 Class "B" common shares of $50 each; and 250,000 shares of preferred stock of $100 each. There are outstanding $7,487,500 of 10-year 6% convertible bonds offered in 1924 at 97, and due November 1, 1934; and $1,683,500 of 10-year 7% convertible bonds of an original issue of $10,000,000 offered in 1920 at 94½, and due in 1930.

The Union Oil of California was organized in 1890. It owns the entire capital stock of Union Oil Company of Mexico, Compañía Mexicana de Petroles "Union," and Compañía la Macarena. The area owned in Mexico amounts to 26,786 acres, and in Colombia to 405,524 acres.

The Kern River Oil Fields of California, Ltd., was organized under the laws of California, in 1910. In 1918, an arrangement was made with the Tampico Oil, Ltd., which owns 28,500 acres in the district of Panuco, Mexico, whereby Kern River has the right to take over the entire property subject to a royalty of 7½% of the production from such lands, and to the payment of expenses in Mexico as from April 1, 1918. In order to comply with Mexican laws, the company organized a Mexican subsidiary, known as the

Kern Mex Oil Fields, S. A., with a nominal capital of $25,000, operations being directed to the properties leased from Tampico Oil, Ltd. Sub-leases of over 18,500 acres have been granted to the Mexican Gulf Oil Company. Further leases have been secured of about 5,244 acres in the State of Nuevo León, District of Los Aldamas. The company has also acquired properties in Trinidad; 3,651 acres free-hold, 145 acres lease-hold, and oil exploration license over 1,448 acres, subject to royalty from 1,284 acres free-hold. Of the 70 wells which have been sunk on the Trinidad property, 53 are producing. Capitalization consists of 3,000,000 shares of 10 shillings par value, which are quoted on the London Stock Exchange at about 7/6.

The Inter-Continent Petroleum Corporation was organized in Delaware in 1916 as the Mexican Panuco Oil Company. Through subsidiaries the company owns 2,000 acres in the Panuco Oil Fields in Mexico and controls more than 8,000,000 acres in Central and South America. It owns the entire capital stock of the English Oil Company, which owns 2,000 acres in the Panuco district in Mexico. Arrangements have been made for the Trans-Continental Petroleum Corporation, a subsidiary of Standard Oil of New Jersey, to take over and work the properties, without producing, paying for oil at the well. It is further interested in the British Guiana Oil Fields, Ltd., and the British Guiana Oil Syndicate, Ltd., which holds concessions in British Guiana covering 2,000,000 acres in the northeast coast extending from the Venezuelan boundary to the Pomeroon River. It also owns 80% of the capital stock of the Cachavi Syndicate, which owns about 300,000 acres of land in the Province of Esmeraldas in the northwestern part of Ecuador, between Colombia and the Pacific Ocean. The capitalization consists of 5,000,000 shares of $5 par value, of which 973,233 have been issued and fully paid. The shares are listed on the New York curb market and are traded in on the London Stock Exchange and on the Brussels Bourse. Recent quotations were at the rate of $2 per share.

The Marland Oil Company, a Delaware corporation organized in 1920, owns 94.9% of the Consolidated Oil Company of Mexico, and 50% of the stock of the Comar Oil Company.

The Mexican Seaboard Oil Company was organized in Delaware in 1919 and owns over 99% of the capital stock of International Petroleum Company of Maine, which owns directly or through subsidiaries about 308,817 acres in various parts of Mexico, sea loading terminals at Cherrera on the Gulf of Mexico connected by pipe lines with producing properties in the Panuco region. The company's output in Mexico has steadily gone down, amounting to 3,765,982 barrels in 1927, against 7,148,552 in 1926 and 13,381,015 in 1925. Capitalization consists of 1,000,000 shares of no par value, and an authorized issue of $15,000,000 of 7% 10-year debentures, of which $2,800,000 are outstanding, due for payment September 1, 1929. Shares of the company are quoted on the New York Stock Exchange.

The Ohio Oil Company was organized in 1887 under Ohio laws. It owns a 60% interest in the Ohio Mexico Oil Corporation, which was formed in 1926 to exploit properties in the State of Coahuila, Mexico.

The Penn-Mex Fuel Company was organized in 1912 in Delaware and controls 150,000 acres of oil-bearing properties in the State of Vera Cruz, Mexico. The Trans-Continental Petroleum Company, a subsidiary of Standard Oil of New Jersey, has arranged to drill wells on the company's properties; expenses and profits to be shared equally. Capitalization consists of 400,000 shares of $25 par value, a considerable part of which is owned by the South Penn Oil Company. Shares are listed in New York, reported around $30.

The Pierce Petroleum Corporation was organized in Delaware in 1924 to acquire, *inter alia*, refineries at Tampico and Vera Cruz, Mexico.

The Standard Oil Company of California controls the Richmond Petroleum Company of Mexico, organized in

Mexico; and the California Standard Oil Company of Mexico, organized in Delaware.

The Standard Oil Company of New York controls, *inter alia*, considerable area of prospective oil lands in the Panuco field in Mexico. Through a subsidiary, the General Petroleum Corporation of California, Standard of New York owns a topping plant at Tampico, Mexico, with water facilities on the Panuco River.

The South Penn Oil Company owns a controlling interest in the Penn-Mex Fuel Company, which operates in Mexico.

Texas Corporation owns 8,500 acres and refineries at Tampico with a daily capacity of 10,000 barrels.

The Rio Grande Oil Company of Delaware controls the Refineria Petrolera Occidental, S. A., which is not operating at present, existing only for the purpose of holding title to real estate in Mexico.

The Texas Corporation controls the Texas Company of Mexico, S. A. The Argentina subsidiary of the Texas Corporation is the Galena-Signal Oil Company, S. A. The Brazilian subsidiary is the Sociedade Anonima de Oleo Galena-Signal, also the Texas Company of South America. In Cuba the company operates through the Texas Company (West Indies), Limited. In Porto Rico, through the Texas Company of Porto Rico, Inc. The company's production in Mexico was 314,246 barrels in 1928, as compared with 386,819 in 1927. The Company's Colombian subsidiary has options on 428,644 acres of fee lands.

The Warner Quinlan Company of Maine owns 17,954 acres in the Panuco oil district of Mexico. It also owns and operates a loading terminal at Tampico, and 17½ acres of ground. On this property is a warehouse, pump station, two 55,000-barrel tanks, loading lines, etc.

Other American companies operating in Mexico include the following:

Port Lobos Petroleum Corporation;

Sinclair Consolidated Oil Corporation owns concessions on more than 1,000,000 acres. The company's Mexican

subsidiaries include: the Freeport and Mexican Fuel Oil Corporation and International Petroleum Company;

Gulf Oil Corporation controls a number of companies, including the Mexican Gulf Oil Company, the South American Gulf Company and the Panama Gulf Oil Company.

The Mexican Gulf Oil Company was incorporated with a nominal capital of $25,000. Production in 1928 amounted to 2,500,000 barrels, as compared with 3,210,110 in 1927, and 5,930,704 in 1926;

New National Oil Company;

Cities Service Company, which controls the Cities Fuel & Power Company, which in turn controls the Empire Pipe Company of Mexico.

The Mexican subsidiaries of Cities Service Company reported for 1928 a production of 3,668,816 barrels. Earnings for 1928 showed a decrease over 1927, largely because of lower oil prices. Cities Service is also distributing its products through dealers in Argentina, Paraguay, Brazil and Uruguay;

Imperio Gas & Combustion Company;

"Imperio" Terminal Company;

"Imperio" Oil Lands Company;

"Imperio" Pipe Line Company;

Gulf Coast Corporation;

Holden-Evans Steamship Company;

Lagunita Oil Company;

National Petroleum Company;

Southern Fuel & Refinery Company;

Sentinel Oil & Gas Company;

Island Oil & Transport Company, which controls the Capuchinas Oil Company;

Port Lobos Oil Company;

Gulf Consolidated Oil Corporation;

East Coast Oil Company, which is controlled by the Southern Pacific Railroad;

Otontepec Petroleum Company, controlled by the Mexican Investment Company;

Gulf States Oil & Refining Company;

Caltex Oil Company;

Mexican Producing & Refining Company;

The Ammex Petroleum Corporation has a capitalization of 400,000 shares of common stock, $5.00 par, and has interests, rights and properties near Vera Cruz and Tampico;

Continental Mexican Petroleum Company, controlled by the General Petroleum Company;

Hidalgo Petroleum Company;

Noco Mexican Oil Company, which is affiliated with the Noco Petroleum Company;

Inter-Ocean Oil Company;

Curyon Oil Company;

Tex-Mex Fuel Oil Company;

The Eastern Oil Corporation;

Boston-Mexican Petroleum Trust;

Boston-Mexican Leasing Company;

Ventura Consolidated Oil Fields;

Lewis Oil Corporation;

New York-Mexican Oil Company;

National Oil Company;

Kumfort Oil & Gas Company;

Mexican Oil Company;

Federal Oil Company;

Equity Petroleum Corporation;

Casiano Petroleum Company;

Sun Oil Company, S. A., controlled by the Mexican Sun Oil Company;

Producers Oil Corporation of Mexico, which controls the Tuxpan Oil Company.

Other Interests. Next to petroleum, American capital has gone heavily into Mexican mining.

The largest amount of American capital invested in Mexican mining enterprises is represented by the American Smelting & Refining Company, a New Jersey corporation organized in 1899. The company owns five smelting and refining plants in Mexico and two in South America; also the Mines Lines of Mexico and the Mexican Union

Railroad Company. The company's lead smelters are as follows:

AMERICAN SMELTING & REFINING COMPANY INTERESTS

	Daily Capacity (In Tons)	Furnaces
Monterey	1,300	7
Chihuahua	1,500	8
Asarco	500	3

The company's copper smelters are as follows:

	Daily Capacity (In Tons)	Furnaces
Aguascalientes	1,600	6
Matchuala	1,300	4
Velardena	750	3
San Luis Potosí	–	–

The company's zinc smelter is located at Rosita, Coahuila.

The mines owned by the company, together with location and the nature of mines, are presented hereunder:

Name	Location	Metal
Asientos	Asientos	Silver
Dolores	Matehuala	Silver, copper
Bonanza	Bonanza	Silver, lead
Parral	Parral	Silver, lead, zinc
Sta. Eulalia	Sta. Eulalia	Silver, lead, zinc
Tecolotes	Sta. Barbara	Silver, lead, zinc
Veta Grande & Veta Colorado	Parral	Silver
Velardena	Velardena	Silver, lead, copper

Name	Location	Metal
Sierra Mojada	Sierra Mojada	Silver, lead, copper
Tiro General	Charcas	Silver, lead, copper
Orizaba	Magistoal	– –
Prieta	Calera	– –
La Luz	Cordero	– –
Sta. Francisca	Asientos	Copper
Guadelupe	Parral	– –
Durango	Durango	Iron
Jesus Maria	Sierra Mojada*	– –

* Operated under lease from the Negociacion Minera da Jesus Maria.

The company's capitalization comprises $50,000,000 of preferred; $60,998,000 of common stock; and a funded debt of $37,782,100. Total assets amounted on December 31, 1928, to more than $233,000,000.

In August, 1929, the R. C. A. Photophone, a subsidiary of the Radio Corporation of America, incorporated the R. C. A. Photophone of Mexico, Inc., under the laws of Delaware for the purpose of distributing its products in that country. Capitalization is given as 1,000 shares of no par value.

The subjoined table presents as complete a list as possible of all other mining companies operating in Mexico, which are controlled by or affiliated with American interests.

UNITED STATES INVESTMENTS IN MINING COMPANIES

Name of Company	Common Stock	Affiliated with or Controlled by
Aguascalientes Copper Smelter	–	Am. Smelting
Ahumada Lead	$1,192,018	– –
Cia. Minera de Plomo, S. A.	615,740	Ahumada
Cia. Minera la Corona, S. A.	–	– –
Cia. Minera Erupcion y Anexas, S. A.	–	Ahumada
Cia. del Ferrocarril de Chihuahua y Oriente	592,500	Ahumada

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Lamentation Syndicate	–	Ahumada
Ahumada Silver Mining	–	– –
Amajac Mines Co.	$2,500,000	– –
American-Mexico Mining & Developing Co.	3,000,000	– –
American Mining & Refining Co.	3,000,000	– –
Ampara Mining Co.	2,000,000	– –
Cia. Minera la Mazata y Anexas, S. A.	–	Ampara
Anita Copper Mines Co., S. A.	–	Douglas Copper Co.
Anita Hacienda	–	– –
Antimony Corporation	1,000,000	– –
Cortez Associated Mines	–	Antimony Corp.
Arados Copper Co.	–	– –
Arizona Dearborn Mining Co.	–	– –
Asientos Mining Co.	1,000,000	– –
Aventura Mines Co.	–	– –
Aurora Silver Mines Corp.	1,000,000	– –
Aztec Consolidated Mining Co.	500,000	– –
Cia. Minera Consolida Los Aztecos, S. A.	–	Aztec Cons.
Sonora Exploration Co.	–	Aztec Cons.
La Cobriza Mining Co.	–	Aztec Cons.
Bank Mining Co.	–	– –
Batopilas Mining Co.[1]	8,931,980	– –
Belen Cabriza Mines	–	– –
Blaisdell Coscotitlan Syndicate	–	– –
Boston Montezuma Mining Co.	1,000,000	– –
Buena Noche Mine	–	– –
Buffa Mining, Milling & Smelting Co.	1,500,000	– –
Butters Copala Mines	–	– –
Cadena de Cobre Mining Co.	1,000,000	– –
Calera Mining Co.	–	– –
California-Mexico Mining Co.	–	– –
California Mine	–	– –
Compañía Mine	–	– –
Canario Copper Co.	9,000,000	– –
El Canario Copper Co., S. A.	–	Canario Copper
Mountain Cons. Copper Co., S. A.	–	Canario Copper
Carmen Copper Co.	750,000	– –
Carmen Mines Co.	1,500,000	– –
Carnegie Lead & Zinc Co.[2]	2,000,000	– –

[1] Funded debt, $366,500.

[2] Funded debt, $244,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Calumet & Sonora of Cananea Mng. Co.	$12,500	Carnegie Lead
Cerro de Oro Mine	–	– –
Chihuahua Mining Co.	587,806	El Potosi
El Potosi Mining Co.	–	Howe Sound
Cieneguita Cons. Mines	–	– –
Cinco Minas Co.	500,000	– –
Cia. Cobre Mexicana	–	– –
Cia. de Minas Santa Ana y Anexas, S. A.	–	– –
Real del Monte y Pachuca Cia.	–	U. S. Smelting
Cia. de Minerales y Metales	2,500,000	American Metal
Cia. Minera de Penoles, S. A.	4,500,000	Cia. de Minerales
Cia. Exploradora de Chihuahua	–	– –
Cia. Exploradora de Santa Marta, S. A.	5,000 [1]	– –
Cia. Exploradora de Sinaloa	–	– –
Cia. Ferrocarrillero y Min. de Azufre	–	Sulphur Mng. & Ref.
Cia. Metalurgica de Torreon, S. A.	2,000,000	Cia. Min. de Penoles
Cia. Metalurgica Mexicana [2]	1,750,000	– –
Sombrerete Mining Co.	–	Cia. Metalurgica
Mexican Lead Co.	–	Cia. Metalurgica
Montezuma Lead Co.	–	Cia. Metalurgica
Alvarez Lead & Timber Co.	–	Cia. Metalurgica
Mexican Mineral Railway Co.	–	Cia. Metalurgica
Potosi & Rio Verde Railway Co.	–	Cia. Metalurgica
Cia. Metalurgica Nacional	–	Am. Smelting
Cia. Minera de Palmarito	–	Barnsdall Corp.
Cia. Minera Paloma y Cabrillas, S. A.	–	Cia. Min. de Penoles
Sabinas Coal Mines	–	Cia. Min. Paloma
La Parena Metal Mine	–	Cia. Min. Paloma
Mosqueteros Mine	–	Cia. Min. Paloma
Cia. de Combustibles Aguijita, S. A.	–	Cia. Min. Paloma
Cia. de Combustibles Nacional y Transp.	–	Cia. Min. Paloma
Cia. Minera el Refugio, S. A.	–	Alvarado Mining
Cia. Minera el Sacramento, S. A.	–	– –
Cia. de Minas de Mexico, S. A.	–	Potter Palmer Estate
Cia. Minera Nayarit de Cananea, S. A.	25,000,000	– –

[1] Number of shares.

[2] Preferred stock, $2,250,000; funded debt, $2,774,700.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Cia. Minera Nazareno y Catasillas, S. A.	$2,000,000	– –
Cia. Minera Nazareno y Alicante, S. A.	–	Cia. Min. Nazareno
Cia. Minera San Pascual de las Adargas, S. A.	10,000,000	– –
Cia. Metalifera Coadoro	–	– –
Concheno Mining Co.	–	– –
Conchita Mining & Development Co.	500,000	– –
Consolidada No. 2 Lease	–	– –
Continental Mining Co.	1,000,000	– –
Jimulco Mining Co.	–	Continental Mining
Cepete Consolidated Copper Co.	1,000,000	– –
Melczer Mining Co.	25,000	Cepete Consolidated
Cori Gold Mines	711,206	– –
La Corona Mining & Milling Co.	100,000	– –
Cortez Associated Mines	25,000	– –
Cia. Minera del Cubo, S. A.	175,000	Cubo Mng. & Milling.
Cucharas Mining Co.	100,000	– –
Cusi Mexicana Mining Co.	2,600,000	– –
San Miguel Mining Co.	–	Cusi Mexicana
Cusi Mining Co.	–	Cia. Min. de Mirasol
De León Mining Co.	1,000,000	– –
Democrata Cananea Sonora Copper Co.	2,869,970	– –
Dinamita Mining Co.	–	– –
Dolores Esperanza Corp.	1,728,175	– –
Dolores Mines Co.	–	Dolores Esperanza
Consuelo Mining, Milling & Power Co.	–	Dolores Esperanza
Chihuahua Esperanza Gold Mining Co.	–	Dolores Esperanza
El Rayo Mines Co.	–	Dolores Esperanza
Creston Colorada Co.	–	Dolores Esperanza
La Dura Milling & Mining Co.	–	Dolores Esperanza
Cia. Minera Gloria y Fortuna Cons.	–	Dolores Esperanza
Duluth-Sonora Copper Co.	–	– –
Durazno Mining Co.	–	– –
El Paso Douglas Mining Co.	250,000	– –
Emeralda Parral Mining Co.	1,000,000	– –
Espada Mines Co.	–	– –
La Cia. Exploradora de Chihuahua	–	– –

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
El Favor Mining Co.	$3,500,000	– –
La Flor del Valle Mining Co.	200,000	– –
Fresnillo Co.[1]	1,554,500	– –
El Fuerte Mining & Smelting Co.	401,000	– –
Choix Consolidated Mining Co.	–	El Fuerte Mining
Los Platanos Mining Co.	–	El Fuerte Mining
General Mines Corp.	1,499,500	– –
Cia. Minera y Exploradora Azteca, S. A.	–	General Mines
Giroux Consolidated Mines Co.	144,142	Cons. Cop. M. of Nev.
Gulf Mining & Reduction Co.	–	Guggenheim Bros.
Great National Mexican Smelting Co.	–	– –
Greene Cananea Copper Co.	50,000,000	– –
Superior Bonanza Mining Co.	–	Greene Cananea
San Pedro Copper Co.	–	Greene Cananea
Guanajuato Cons. Mining & Milling	3,000,000	– –
Carmen Guanajuato Gold Mining Co.	–	Guanajuato Cons.
Guanajuato Reduction & Mines[2]	75,000	– –
Guatamo Lead Silver Co.	2,000,000	– –
Gueriguito Mining Co., S. A.	–	– –
Guerrero Development Co.	75,000	– –
Guggenheim Smelting Co.	–	– –
Gulf Copper Co.	1,000,000	– –
Harrison & Co.	65,000	– –
Hileta Gold & Silver Mining Co.	–	Harrison & Co.
Hermosa Mining Co.	300,000	– –
Humboldt Mining Co.	2,000,000	– –
Inde Gold Mining Co.	–	– –
Cia. Internacional Minera, S. A.	100,000	– –
International Mines & Development	2,400,000	– –
Neg. Minera de Jesus Maria, S. A.	–	Am. Smelting
Cia. Minera Jesus Maria y Anexas	–	– –
Jimulco Mining Co.	1,000,000	– –
Lane-Rincon Mines, Inc.[3]	3,000,000	– –
Cia. Minera Lepanto, S. A.	2,500,000	– –
Leuvia del Oro Gold Mining Co.	–	– –
Cia. Minera de Loteria	–	Am. Smelting
Lucia Mining Co.	25,000	San Luis Mining

[1] Preferred stock, $484,900; funded debt, $187,000.

[2] Funded debt, $2,800,000.

[3] Funded debt, $431,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Lucky Tiger Combination Gold Mining	$7,153,370	– –
Tigre Mining Co., S. A.	–	Lucky Tiger
Magistral Ameca Copper Co.	1,255,300	– –
Cia. de Cobre Magistral Ameca, S. A.	500,000	Magistral Ameca
Las Moras Copper Co.	–	Cia. de Cobre
Manhattan Exploration Co.	1,806,000	– –
Maria Mining Co.	500,000	– –
Compania Metalurgica Mexicana	40,000 [1]	American Smelting
Sombrerete Mining Co.	–	American Smelting
Mexican Lead Co. [2]	862,500	American Smelting
Mexican Mineral Railway Co.	–	American Smelting
Montezuma Lead Co.	–	American Smelting
Alvarez Land & Timber Co.	–	American Smelting
Potosi & Rio Verde Railway Co.	–	American Smelting
Metatas Mining Co.	200,000	– –
Mexia-Kan Mining Co.	60,000	– –
La Mexicana Mines Co.	–	– –
Mexican Candelaria Co. S. A.	1,500,000	– –
Mexican Mines Co.	500,000	– –
Mexican Northern Mining & Ry. Co. [3]	600,000 [1]	American Smelting
Alvarado Mining & Milling	–	Mexican Northern
Cia. Minera El Refugio	–	Mexican Northern
Hidalgo Mining Co.	–	Mexican Northern
San Juanica Mining Co.	–	Mexican Northern
Consolidacion Minera de Parral	–	Mexican Northern
Mexican Premier Mines	375,000	– –
Cia. Minera de San Jose, S. A.	–	Mexican Premier
Mexico Silver Mines Co.	2,000,000	– –
Caiman Mines, S. A.	–	Mexico Silver
Michoacan Ry. & Mining Co.	496,850	American Smelting
Michoacan & Pacific Ry. Co.	–	Michoacan Ry.
Cia. Minerales y Metales	1,250,000	American Metal
Las Truchas Iron Ore Co.	–	Bethlehem Steel
Montezuma Copper Co.	2,600,000	Phelps Dodge
Mololoa Mining Co.	3,000,000	– –
Monte Cristo Mining Co.	1,500,000	– –
Cia. Minera Monte Cristo	–	Monte Cristo

[1] Number of shares.

[2] Preferred stock, $1,250,000.

[3] Funded debt, $672,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Monte Cristo Mining Co. of Sonora	$500,000	– –
Monterey Mining, Smelting & Ref. Co.	3,000,000	Cia. de Minerales
Mosqueteros Mining Co.	1,500,000	– –
National Metallurgical Co.	–	American Smelting
Nacozari Consolidated Copper Co.	20,000,000	– –
Novidad Mines & Reduction Co.	1,000,000	– –
Novidad Development Co., S. A.	100,000	American Smelting
North American Development Co.	10,000,000	– –
North American Lead Corp.[1]	4,500,000	– –
El Orito Mining & Milling Co.	432,500	– –
Pasadena El Monte Silver Mines	300,000	– –
Cia. Minera de Penoles, S. A.	4,500,000	Cia. de Minerales
Cia. Minera Paloma y Cabrillas, S. A.	–	Cia. Min. de Penoles
Sabinas Coal Mines	–	Cia. Min. de Penoles
La Parrena Metal Mine	–	Cia. Min. de Penoles
Cia. Metalurgica de Torreon, S. A.	2,000,000	Cia. Min. de Penoles
Suriana Mining & Smelting Co.	–	Cia. Min. de Penoles
Jimulco Mining Co.	–	Cia. Min. de Penoles
Cia. Minera de Natividad y Anexas	–	Cia. Min. de Penoles
Inglaterra Mining Co.	–	Cia. Min. de Penoles
San-Toy Mining Co.	6,000,000	Cia. Min. de Penoles
Cia. Minera La Constancia	–	Cia. Min. de Penoles
Cia. Combustibles Aguijita, S. A.	–	Cia. Min. de Penoles
Cia. Minera y Beneficiadora de Norte	–	Cia. Min. de Penoles
Naica Mines of Mexico	–	Cia. Min. de Penoles
Candelaria Mining Co.	–	Cia. Min. de Penoles
Perla Mining Co.	1,500,000	– –
Pilares Extension Mining Co.	1,000,000	– –
Pinos Altos Mines Co.	200,000	Barnsdall Corp.
Pintas Mines Co.	2,500	Buffalo-Arizona Mines
Piquito Mining Co.	1,000,000	– –
Pittsburgh Bote Mining Co., S. A.	50,000	Carnegie Metals Co.
Pittsburgh Vetagrande Mining	150,000	Carnegie Metals Co.
El Potosi Mining Co.	60,000	Howe Sound
Chihuahua Mining Co.	–	El Potosi Mining
Promontorio Mines Co.[2]	250,000[3]	– –
Cia. Minera Explotadora de Promontorio, S. A.	–	Promontorio Mines

[1] Preferred stock, $500,000.

[2] Preferred stock, $310,000.

[3] Number of shares.

UNITED STATES INVESTMENTS IN MINING COMPANIES
— Concluded

Name of Company	Common Stock	Affiliated with or Controlled by
Puebla Smelting & Refining Co.[1]	$5,000,000	– –
Cia. Real del Monte y Pachuca	2,554[2]	U. S. Smelting
Cia. de Minas Santa Ana y Anexas	2,000,000	Cia. de Real del Monte
U. S. Smelting, Ref. & Mng. Explor. Co.	50,000	U. S. Smelting
Arevalo Mines	1,250,000	U. S. Smelting
Reforma Mining & Milling Co.	–	Lewisohn Interests
La Regina Mining Co.[3]	1,000,000	– –
Revosadero Mining Co.	1,000,000	– –
Rio Plata Mining Co.	1,872,590	– –
San Cayetano Mines, Ltd.	256,950	General Dev. Co.
San Geronimo Mines & Metals Corp.	–	– –
San Luis Mining Co.	3,000,000	– –
Lucia Mining Co.	–	San Luis Mining
San Pablo Mining Co.	2,500,000	– –
Cia. Minera de San Patricio, S. A.	50,000	– –
Santa Eulalia Mining Co.	300,000	– –
Sinaloa Exploration & Dev. Co.	50,000[2]	– –
Sinaloa Power & Development Co.	1,425,000	– –
Smith Cananea Mining Co.	1,021,345	– –
Sonora Development Co.	500,000	– –
La Suerte Mining Co.	750,000	– –
Superior Bonanza Mining Co.	749,230	Cananea Consol.
Bonanza Mining Co., S. A.	–	Superior Bonanza
Tecolote Copper Corp.[4]	9,386,593	– –
Tecolote Copper Co., S. A.	–	Tecolote Cop. Corp.
Towne Securities Corp.	–	American Smelting
Towne Mines, Inc.[5]	40,000[2]	Towne Securities
Transvaal Cop. Mines Co. (Utah)	4,000,000	– –
United Mines Co.	2,500,000	– –
La Ventura Metals Co.	500,000	– –
La Ventura Mining Co., S. A.	1,500	La Ventura Metals
Washington Mines Development Co.	1,300,000	– –
Ysleta Sonora Mining Co.	50,000	– –

[1] Funded debt, $1,000,000.
[2] Number of shares.
[3] Funded debt, $62,000.
[4] Preferred stock, $554,220; funded debt, $1,000,000.
[5] Preferred stock, $4,000,000; funded debt, $1,250,000.

The Portrero Sugar Company of Delaware owns all the stock of the Cia. Manufacturera del Portrero in the state of Vera Cruz. Capitalization comprises 200,000 shares of common stock of no par value, and $2,000,000 first mortgage 7% bonds, due in 1947.

The Tabasco Plantation Company was organized in 1901 in Delaware to engage in the production of bananas and rubber and the refining of sugar. Properties are located at Santa Lucrecia, Vera Cruz, and are operated under lease by the Latin American Sugar Co., Ltd. Capitalization consists of $3,500,000 capital stock and $500,000 of first mortgage 7% bonds, due in 1943.

The Mexican Telephone and Telegraph Company belongs to the International Telephone and Telegraph Corporation system and had 32,000 telephones in service in 1928. The company's capitalization consists of 70,000 shares of common, 30,000 shares of 5% preferred, both of $10 par value, and 3,375 shares of $7 prior preference stock of no par value. There are also outstanding $1,500,000 10-year notes due in 1935.

Light and power plants in Mexico represent an investment of $103,043,536, according to a study prepared by the Bureau of National Statistics of Mexico. Of this sum, American capital has invested $37,758,192, British $11,684,134, Mexican $8,933,003, French $6,032,625. Canadian, German, Italian, Japanese and Spanish capital is also represented in this industry to a small extent.

The American & Foreign Power Company, Inc., reported gross earnings for the year 1928 of $1,653,744 from its Mexican public utility properties. The company's operating subsidiaries in Mexico supply electric power and light and other public utilities service in 89 communities, and also operate electric street railways in 6 communities. Important subsidiaries include the Tampico Electric Light, Power & Traction Company; the Puebla Tramway Light & Power Company, S. A.; the Central Mexico Light & Power Company; the Guanajuato Power & Electric Company; the Vera Cruz Electric Light, Power & Trac-

tion, Ltd.; and the Compañía de Electricidad de Merida, S. A. Total population of the territory served is estimated at 1,135,000. In April, 1928, American & Foreign Power acquired control of the Mexican Utilities Company through the acquisition of common stock, preferred stock and collateral gold bonds of that company in exchange for its $6 preferred stock. The Mexican Utilities Company had outstanding 35,000 shares of common stock, 30,812⅗ shares of $7 preferred stock, and $1,550,000 of 8% gold bonds due in 1955. The basis of the exchange was as follows: For each common share, 35/100 of a share of $6 preferred; for each preferred share, 75/100 of a share of $6 preferred; and for each $100 bond, 9/10 of a share of $6 preferred. As of September 30, 1928, 33,560 shares of common, 25,847.2 shares of preferred, and $1,367,600 of bonds had been acquired. In October, 1928, American & Foreign Power acquired from the Whitehall Electric Investments, Ltd., of London the electric power and light systems in Vera Cruz, Tampico, Puebla and Orizaba; street railway properties in Vera Cruz and Puebla; and wholesale power and light business in Cordoba. The Mexican properties are owned by Compañía de Luz Electrica Fuerza Motriz de Orizaba, S. A.; the Compañía Electrica de Tampico, S. A.; the Compañía Hidro Electrica; the Compañía Electrica de Cordoba, S. A.; the Puebla Tramway Light & Power Company; and the Vera Cruz Electric Power & Traction, Ltd. The capitalization of the Puebla Tramway Company consists of 65,000 shares of $100 par value. There are also outstanding $3,721,800 of prior lien gold 5% bonds, $3,123,500 of first mortgage 5% gold bonds, and £136,480 of 8% notes. The Vera Cruz Company is capitalized at 350,000 shares of £1 par value, and has outstanding £181,960 of first mortgage debentures due in 1960.

In December, 1928, American & Foreign Power made an offer to purchase at $125 a share the outstanding $10,000,000 of common stock of the Northern Mexico Power & Development Company, Ltd. The Guanajuato Power & Electric Company, which is controlled by the Mexican

Utilities Company, is capitalized at $3,500,000 of common stock, and $1,500,000 of 6% cumulative preferred stock, both of $100 par value. There are also outstanding $989,000 first mortgage 6% gold bonds due in 1932. The company controls the Central Mexico Light & Power Company, capitalized at 15,000 shares of common, and 9,000 shares of 6% cumulative preferred stock, both of $100 par value. Funded debt consists of $1,432,000 first mortgage 6% gold bonds due in 1940. The Guanajuato Company also controls the Michoacan Power Company, capitalized at 10,000 shares of common stock of $100 par value, and $535,100 of first mortgage 6% gold bonds due in 1937. The Northern Mexico Power & Development Company has outstanding, in addition to the $10,000,000 of common stock referred to above, 30,000 shares of 7% cumulative preferred stock of $100 par value, and $490,000 of first mortgage 7% gold bonds due in 1933.

In 1929, the National City Bank of New York established a branch in Mexico City with a capitalization of 550,000 pesos.

Details of Four States. In view of the disturbances which broke out early in 1929, reference to the extent and nature of American investments in the states most affected by the upheaval should be of especial interest. According to data furnished by the United States Department of State, American investments are heavier in four of the states which were wholly or partly in the hands of the revolutionists than in any other part of Mexico. These states are Sonora, where there are important copper mines; Vera Cruz, where Americans have invested in oil fields and banana plantations, and Chihuahua and Coahuila, where there is a great number of American cattle ranches. Although some of the companies mentioned hereunder have been briefly referred to above, the information is presented in somewhat greater detail and because of the official character of the data.

Reports emanating from Mexico are to the effect that Henry Ford had ordered suspension of plans for expansion

of the Assembly Plant in Mexico City, pending the study of proposals for new federal labor legislation.

The location of some of the most important American property in these areas follows:

In the State of Coahuila, the American Metals Company, 61 Broadway, New York, leases the Compañía Metalúrgica de Torreón, S. A., a lead smelting concern at Torreón, operating six blast furnaces, with a total investment of $2,500,000 and employing 900 men.

The Continental Mexican Rubber Company, with offices at 1,776 Broadway, New York, operates a rubber factory at Torreón employing 150 men and having a production of 225,000 pounds per month and a total investment of $350,000.

The Methodist Church (South) of Nashville, Tenn., maintains a hospital at Torreón with property valued at $60,000.

Otto Kahrnud of San Antonio, Texas, owns a copper mine at Jimulco, with an investment of $200,000.

Property in the State of Sonora includes:

The Montezuma Copper Company, owned by the Phelps Dodge Corporation, 99 John Street, New York, operates a mine at Nacozari valued at $16,000,000, which produces about 1,778,000 pounds of copper, 42,200 ounces of silver and 198 ounces of gold per month. It owns a power plant, hotel, office buildings, workmen's homes and has been operating continuously since 1899.

The Nacozari Railroad, owned by the Southern Pacific, operates about 100 miles of track between Douglas, Ariz., and Nacozari and is valued at $2,000,000.

El Tigre Mining Company, owned by the Lucky Tiger Mining Company of Kansas City, operates a copper, gold and silver mine at El Tigre, which is valued at $5,005,000 and which has a monthly output of more than 250,000 pounds of copper.

The Nacozari Consolidated Copper Company operates a copper and gold mine at the city of that name, valued at $1,000,000.

The San Pablo Mining and Milling Company has a $500,000 investment near Pilares de Nacozari which produces high-grade copper.

The Southern Arizona Edison Company supplies water, light and power to the population of Agua Prieta.

Three retail drug stores, owned by American druggists in Douglas, Ariz., are operated in Agua Prieta, Nacozari and Pilares de Nacozari.

The Transvaal Mine, owned by the Transvaal Copper Company of Salt Lake City, owns a mine at Cumpas which once was one of the most important mining properties of the district, but has not produced since 1919.

Ranch properties in the Aqua Prieta consular district are valued at about $250,000.

American property in the State of Jalisco includes:

An $8,000,000 investment by Morrison and McCall of San Antonio and St. Louis in the Compañía Hidro-Electrica Irrigadora del Chapala which operates lighting, heating and street car lines in the city of Guadalajara and vicinity.

American investments in ranches at Piedras Negras, Coahuila, total $1,902,500, while the coal producing properties of Americans there are valued at $16,975,000. They are owned by the American Metals Company, the American Smelting and Refining Company and Spencer Trask & Co.

The State of Chihuahua contains some of the largest cattle ranches in Mexico, most of them owned by American and British interests. Among these are the ranch at Madera, belonging to William R. Hearst, valued at $2,000,000; the Three Oaks Ranch of E. K. Warren & Son in the Galeana district, valued at $200,000; the Cudahy ranch at Ahumada, valued at $120,000; the Morris and Company ranch in northeast Chihuahua, valued at $300,000; the Palomas Land and Cattle Company's ranch at Palomas, valued at $600,000; the Corralitos Land and Cattle Company in Galeana, valued at $200,000; and the Grove ranch at Ahumada, valued at $425,000.

In addition, the holdings of small ranchers, chiefly in the

Galeana district of Chihuahua, are valued at $3,825,000, of which Mormon holdings alone total $2,900,000.

Other important properties in the State of Chihuahua are:

The Dolores Esperanza silver and gold mine, employing 300 men, near Madera, valued at $1,250,000.

The Ahumada Lead Company, employing 668 men, at Los Lamentos, valued at $1,900,000.

The Erupcion Mining Company, mining lead and some silver, at Los Lamentos, valued at $1,400,000.

Liquidation was ordered in August, 1929, of the Chihuahua Investment Company, which had operated for many years as a bank owned by J. B. Dale and associates, as a result of financial distress caused by the raid made by order of one of the Mexican generals. The Liquidation Committee reported that assets amounted to 1,699,659 pesos, and liabilities to 1,241,701 pesos. It is expected that certificates will be issued to the creditors for semi-annual payments, and that liquidation will be completed by July 1, 1931.

The Chihuahua y Oriente Railway operates 47 miles of track between Lucero and Los Lamentos, valued at $6,000.

The Mexico Northwestern Railway Company (partly Canadian) is valued at $37,500,000.

American property in Vera Cruz:

The Cuatotolapam Sugar Company, operating at the city of that name, valued at $1,500,000.

The Mexican American Fruit and Steamship Corporation, operating banana farms at El Hule and Santa Lucrecia, valued at $1,500,000, and one of the most important new industries established in Vera Cruz.

The Cuyamel Fruit Company, operating fruit farms near Vera Cruz, valued at $200,000.

The Jantha Plantation Company, operating banana farms at Tuxtepec, with an investment of $200,000.

The Mexican Cable Company operates cables to Galveston and New Orleans.

The Cruchilla sugar plant is valued at $300,000.

Nicaragua

An area of 49,500 square miles, of which 4,500 are covered by Lakes Managua and Nicaragua, and a population of 650,000 people make Nicaragua one of the largest republics in Central America.

The proposed Nicaraguan interoceanic canal would go through Lake Nicaragua connecting by way of the San Juan River with the Caribbean Sea. The right in perpetuity to construct this canal was accorded to the United States by a treaty signed in 1913.

The main industry is agriculture, and although 75% of the area could be made productive, only 5% is now under cultivation.

Bananas are the main product with a yearly output of about 5,000,000 bunches. Coffee is the most valuable export, with shipments of 30,000,000 pounds per year. Other products are sugar, tobacco, cacao and coconuts.

Gold and silver are mined in appreciable quantities.

Railways are a very unimportant means of transportation, only 183 miles being in operation with a 27-mile branch from Managua to Diriamba. Highway construction has not as yet been attended to but the waterways provide some measure of relief for the transportation of the products to the ports.

The United States takes over 50% of the exports and furnishes nearly 70% of the imports of the republic. The total trade is about $20,000,000.

Public Finance. Nicaragua is one of the countries whose finances have been under the supervision of United States authorities. A collector-general of customs has been in charge since 1911 and reports annually to the Secretary of State. The finances of the country have been frequently affected by revolutionary disturbances, which have resulted in claims against the Government. Nicaraguan public debt as of March 31, 1928, was made up as follows:

PUBLIC DEBT OF NICARAGUA

Bonds of 1909, outstanding £677,400	C$3,296,567.10
Guaranteed customs bonds 1918	2,372,000.00
Bonds of 1904, due 1929	30,000.00
Total bonded debt	C$5,698,567.10
Short-time note March 21, 1927	48,691.77
Debts and claims	17,788,808.59
Total public debt	C$23,526,067.46

The debt one year before on March 31, 1927, was given as $11,183,010. All elements of it decreased in that year, with the exception of the claims, which had increased by $13,778,000. The short-time note in the public debt was paid off and eliminated in April, 1928. The bonds of 1909 are an obligation under the English "Ethelburga" loan, which originally had a nominal loan value of £1,250,000. The guaranteed customs bonds of 1918 were issued to the amount of C$3,744,150 and are retired by sinking fund, a high commission appointed by the Secretary of State of the United States acting as fiscal agent.[1]

Since 1910 [2] Nicaraguan finances have been continuously complicated by the necessity for meeting claims due to revolutionary disturbances. The debts and claims amounting to nearly $18,000,000 appearing in the statement of the public debt above have not yet been adjudicated by a commission, and some of the claims will be met without being referred to the commission. In any case, the claims will, undoubtedly, be greatly reduced as a result of judicial review. The following table[3] shows the status of previous revolutionary claims and the extent of their reduction by commission awards:

[1] Nicaragua, *Report of the Collector-General for Customs*, 1927, p. 16.

[2] For details of Nicaraguan relations with the United States, see Isaac Joslin Cox, *Nicaragua and the United States*, World Peace Foundation Pamphlets, Vol. X, No. 7.

[3] William W. Cumberland, *Nicaragua. An Economic and Financial Survey*, p. 127.

CLAIMS

	Nicaraguan Mixed Claims Commission	Commission of Public Credit	Claims Commission of 1926
Number of claims	7,908	5,572	12,000
Amount claimed	$13,808,161	$13,578,314	$16,000,000
Amount awarded	$1,840,432	$5,304,386	$2,000,000[1]
Percentage awarded	13.33	39.06	12.5[1]

The National Bank of Nicaragua has been a frequent lender to the Government. Prior to 1924 the Government, owning 49% of the Bank's stock, received back almost half of the amount it had paid the bank in interest. Since 1924 the Government owns the entire capital stock. The National Bank keeps a reserve of $700,000 on deposit with New York banking interests, as well as a reserve of $2,000,000 to guarantee its currency. Against this gold reserve the American bankers keep $2,700,000 in Liberty bonds on deposit with the Federal Reserve Bank in New York. About one-third of the total amount of the Nicaraguan bank's funds are kept in what is known as the current account and are credited with 2½% interest. The remaining two-thirds are in a 31-day time account on which interest is paid to the Nicaraguan bank at the rate of 3½%. The American banks profit by the margin between these payments and the interest at which they can lend the money.

Until 1920, American bankers owned 51% of the stock of the Pacific Railroad of Nicaragua, purchased in 1912 for $1,000,000. In October, 1920, the stock was sold back to the Nicaraguan Government for $1,750,000.

The unit of Nicaraguan currency is the cordova, par $1.00, which was established in 1912. Exchange on New York is maintained at slightly below par.

[1] Estimated.

Investments. Kimber estimates the total foreign capital at $20,000,000.

The Cuyamel Fruit Co. has about $1,000,000 in banana holdings. The Standard Fruit Company (subsidiary of Vaccara Bros. of New Orleans) and the United Fruit Co. own about 500,000 acres, representing an investment of $8,000,000.

Other American interests include:

The Central American Exploration Co., which owns a gold mine and a concession of 4,000,000 acres covering the Coco River and its tributaries 400 miles up the river. The concession extends from Bocay to Guilili and includes dredging and hydraulic gravels and all mineral rights. The company was incorporated in 1918 in Delaware with 2,000 shares of $100 par value of which 1,860 shares are outstanding.

The Butters-Salvador Mines, Ltd., controls the Grecia Mining Company of Nicaragua.

The Continentales Mines, Ltd., owns mining properties in the Department of Chontales.

The Constancia Consolidated Mining Company organized in 1916 with $400,000 owns and operates gold mines in Nicaragua.

The Cuje Gold Mines is controlled by the Banner Consolidated Mines of California.

The La Luz and Los Angeles Mining Co. was organized in 1916 in Delaware to own and operate gold mines in Nicaragua.

In 1923, an American company signed a contract with the Nicaraguan Government for the exploration of petroleum fields covering about 500,000 acres for a period of 40 years. The Government is to receive 12½% royalty on the gross oil products, if the yield is not equal to or over 100,000 barrels per day, and 20% of the gross production exceeding that amount.

The Tonopah Mining Co. of Nevada controls the Tonopah Nicaragua Co., which owns the Santa Rita Copper Mines of Nicaragua, with an estimated investment of $1,000,000.

The Bonanza Mines Company was formed in 1923 to own and operate gold, silver, lead and zinc mines in Nicaragua, formerly operated by the Nicaragua Mining Company. Capitalization consists of $400,000 common stock.

The Pacific Railway or National Railway of Nicaragua is now owned by the Government, but still under American Management.

Bragman's Bluff Lumber Co. has, since 1923, a concession on 50,000 acres of Government land with the right to construct sawmills, wharves and railways.

J. McKinley of Kansas received an oil concession, for which a deposit of $50,000 was paid.

Keilhauer and Hebard of New York signed a contract in 1925 for a sanitation project and railway construction for $12,000,000.

Central American Corporation owns 24,000 acres of banana land and sugar cane.

A timber concession was given to Manuel Peña, an American citizen.

Other American interests include the Compañía Mercantil de Utramar; San Albino Mines; the Nicaragua Mahogany Co., a subsidiary of the Astor Mahogany Co.; the Friedlander Commission Co.; Central American Saw Mills; Nicaragua Mining Co.; Mengel & Co.; Nicaraguan Products Corp.; and Nicaragua Radio Company.

The Public Utilities Consolidated Corporation through its subsidiary, the Central American Power Corporation, acquired in 1928 the properties of the Managua Electric, Water & Ice Company through the issue of $1,000,000 of 6½% 20-year bonds.

Panama

The total area of Panama including the territory east and west of the Canal Zone aggregates 32,380 square miles. Panama has a population of 442,000, of whom 52,000 are whites.

The country is pre-eminently agricultural, the chief products including bananas, sugar, cacao, coffee, tobacco and rubber.

The means of transportation are unfavorable, being confined to local steamers, about 125 miles of modern highway, and a railway from Colon to Panama City.

Total trade amounts to about $40,000,000 annually, of which over 80% represents imports.

Most of the foreign trade is with the United States. Its imports from Panama, including shipments from the Canal Zone, are scarcely indicative of general conditions in the republic, because a large part of Panama's prosperity is derived from the tourist trade rather than from bananas, coconuts, ivory nuts and cacao, which constitute the major listed exports. Some 152,000 tourists visited the Isthmus in 1926–27, and this trade continues to flourish. Of our listed exports to Panama, it is estimated that some 40% actually goes to the Republic of Panama, some 35% to the Zone and to transient ships, and some 25% is transhipped at the Isthmus for other countries in Latin America. These exports have risen steadily from 1925 through 1928, showing a slight rise during 1928 to $34,200,000. The Government has recently appointed a well-known economist and banker as economic adviser to the republic.

Public Finance. The public debt of Panama is held largely in the United States, and was composed on January 1, 1928, as follows:

PUBLIC DEBT OF PANAMA

	Amount Outstanding
EXTERNAL DEBT:	
Secured gold loan of 1914, due 1944, 5%	$1,264,000
External sinking fund gold loan of 1923, due 1953, 5½%	4,304,000
External sinking fund gold loan of 1926, due 1961, 6½%	2,544,500
External sinking fund gold loan of 1926, due 1956, 6½%	2,170,000
Total external debt	$10,282,500
INTERNAL DEBT:	
Funded	$454,167
Floating	2,500,000
Total internal debt	$2,954,167

The internal debt includes a 6% 15-year 1923–38 loan of $150,000 by the United Fruit Company.

The floating debt has been contracted for paving, sewerage and water systems in the cities of Panama and Colon, and for work done by the United Fruit Co. at Almirante.[1]

The external loan of 1914 was used for the construction of the Chiriqui Railroad. The loan of 1926–61 was used for extension of the Chiriqui Railroad, and for a wharf at Puerto Armuilles. The proceeds of the 1925–56 loan were used for the construction of national highways, an aqueduct in Bocas del Toro, extension of the Chiriqui Railroad to Puerto Armuilles, and for retirement of the outstanding balance of the internal loans.

On March 22, 1928, the Panama National Assembly authorized a new loan of $16,000,000 to be applied to consolidation of the total outstanding foreign debt loan and to highway construction.

On August 5, 1929, it was announced that the President of the Republic of Panama had appointed a commission to investigate the investment of $6,000,000 of Government money in the United States, which was part of the sum received for rights to the Canal Zone under the treaty with the United States. The constitution of Panama provided for its investment in the United States, or its deposit in a United States bank. Soon after the founding of the Government, the money was placed in the hands of New York agents, but, according to a Panama paper, the investment of this fund was not entirely satisfactory. One reason for the deposit of this amount with the United States was to guarantee the parity of Panama silver coins which were shipped out and sold during the war, when the price of silver was at a premium. At present, Panama has no national currency, except small coins amounting to $500,000, and it appears that the present move is only to determine the character of the investment.

Investments. The investment of the United States in the Canal and the Canal Zone was, in 1927, $388,000,000, of which $113,000,000 is carried as chargeable to national defense and $275,000,000 as chargeable to commercial use.

[1] Kimber's Record of Government Debts (1928).

Private American investments in the republic include those made by the United Fruit Company which operates 270 miles of railroad, valued at $3,587,373, and which owns 45,200 acres of improved and 80,000 acres of unimproved lands for plantations. The holdings were valued at $7,393,000 in 1917.

The Chiriqui Land Company is expected to expend about $8,000,000 on its plantations located in the Chiriqui Province, Republic of Panama. It is also estimated that $4,000,000 will be expended on the Tonosi development in the province of Los Santos. Plans are on the way for the establishment of a small ferry with a capacity of 30 automobiles across the Pacific entrance of the canal, the matter being handled by the Canal Zone authorities. Since May, 1927, the Government has expended nearly $671,000 on the highway from the bridge across the Tapia River to Chepo.

The American and Foreign Power Co. controls the Panama Power and Light Co. which in turn controls the Panama-Colon Gas Company and the Compañía Panamena de Telefonos. It also owns all the securities of the Panama Electric Company which supplies electric railway service in Panama, Balboa and Las Sabanas. Total population of the territory served is estimated at 138,000. The capitalization consists of 600,000 shares of common, 30,000 shares of $3 cumulative preferred, and 30,000 shares of $3 cumulative second preferred, all of no par value. There are also outstanding $5,000,000 of 6% debentures, due in 1947. The company is controlled through ownership of all its second preferred and common stocks by the Panama Power & Light Corporation. The latter was organized in 1917 in New York with 200,000 shares of common stock of no par value and 15,000 shares of 7% preferred of $100 par value. There are also outstanding $2,750,000 of 6% gold debentures, due in 1967.

In the course of 1929, the First National Bank & Trust Company was opened in the city of Panama, organized jointly by Latin American and North American interests,

and operating under the laws of the Republic of Panama. Capitalization consists of 100,000 shares of $100 par value, and surplus of $300,000. The new company is affiliated with the Pan American Trust Company, with a paid-in capital of $273,800.

The Sinclair Panama Oil Corporation, subsidiary of the Sinclair Consolidated Company, has a concession to explore 11,000,000 acres, with the right to select and retain 1,280,000 acres.

The Panama Railroad's property, with mileage of 136, is estimated at $7,000,000, the stock being held by the United States Government.

The Di Giorgio Fruit Company has 65,000 acres for banana plantations.

The Gatun-Lake Banana Company owns 2,500 acres, of which 750 acres are under cultivation.

Other interests include the Pacific Fruit Company, the Panama Products Company, the Panama Sugar Company, the Pan-American Fruit and Sugar Company, and All America Cables, Inc.

Americans also own mining rights in 7,500 acres and are building their own roads.

The Hyatt Panama Manganese Company, also controlled by American interests, owns manganese deposits near Colon, and operates its own railroad.

Americans have received a 10-year concession for mines, timber tracts, waterways and permission to build roads, telephones, telegraphs and tramways.

The Panama Gulf Company, a subsidiary of the Gulf Oil Corporation of Pennsylvania, was organized in Delaware in 1920 with a capitalization of 1,000 shares of $25 par value. It owns acreage in the Republic of Panama and other Central American states.

The Texas Company also has been granted valuable rights and is operating through the Carib Syndicate of Maine.

American capital invested in Panama amounted in 1913 to $5,000,000. Subsequent investments are detailed below:

UNITED STATES INVESTMENTS IN PANAMA

Securities	Amount Issued	Price
1914		
Panama 5's, 1944	$3,000,000	98½
1915		
Panama 5's, 1925	1,200,000	–
1916		
Panama 5's, 1928	1,200,000	–
1923		
Panama 5½'s, 1953	4,500,000	97½
1925		
Panama Mortgage Bank 6's	1,000,000	100½
1926		
Panama 6½'s, 1961	2,600,000	103
Panama 6½'s, 1956	2,200,000	103
1927		
Panama City 6½'s, 1942	500,000	100
Panama National Bank 6½'s, 1947	1,000,000	101½
Chiriqui Land Co.	5,000,000	–
Ford Motor Company	100,000	–
1928		
Panama 6½'s, Series "C"	1,000,000	–
Panama 5's, 1963	6,218,913	96¾
Panama Gold Dredging Co.	1,500,000	–
1929		
Banco Nacional 20-yr. bonds 6½'s, Series D	500,000	99.5
Fideicomiso Panama-Americana	940,000	23.5

Porto Rico

With a population of 1,440,300, of which 948,709 are whites and 301,816 mulattoes, Porto Rico occupies an area of 3,435 square miles. Under the constitution of 1917, the island is governed by the United States, the governor being appointed by the President of the United States. A resident commissioner to the United States is elected by the

people and represents Porto Rico in the United States Congress.

Porto Rico is pre-eminently agricultural, sugar constituting the principal product. Mineral deposits include nickel, gold, silver, copper and salt, the last named being especially important.

Shipments from continental United States to Porto Rico, which account for nearly 90% of the island's imports, after showing a steady increase from 1925 through 1927, declined 5% during 1928 as compared with the previous year, the value being $81,981,000. Shipments to continental United States from Porto Rico during 1928 were $97,269,000, somewhat above the level of the previous year, which in turn showed an improvement over 1925 and 1926.

The storm of September, 1928, occasioned a considerable absolute economic loss in the devastated area, the total of which has been computed officially at some $85,000,000. A large part of this corresponds to enterprises in the island owned by investors in continental United States, so that the direct loss to the Porto Ricans themselves will be far less heavy than the estimate would indicate.

The United States Army has a 999-year lease on about 12 acres of land at San Geronimo, in Porto Rico, valued at about $500,000. It is contemplated to spend an additional $2,000,000 to rebuild army property destroyed by the hurricane in September, 1928.

All foreign bonds of Porto Rico, as well as those of Porto Rican municipalities, have been issued in the United States and are exempt from all Porto Rican as well as from United States federal, state and other taxation, except estate and inheritance taxes. The amount of Porto Rican bonds held in the United States is placed at about $35,000,000.

About two-fifths of all the sugar of the island is produced by American controlled companies comprising the following:

AMERICAN SUGAR COMPANIES IN PORTO RICO

Name of Company	Common Stock	Preferred Stock	Funded Debt	Affiliated with or Controlled by
Central Aguirre Sugar Co.	$3,600,000	–	–	– –
Luce & Co., S. en C.	–	–	–	Central Aguirre
Central Machete Co.	800,000	–	–	Luce & Co.
Santa Isabel Sugar Co.	1,620,000	–	–	Central Aguirre
Ponce & Guayama Railroad Co.	500,000	–	–	Central Aguirre
Fajardo Sugar Co.	6,477,800	–	$679,000	– –
Fajardo Sugar Growers Association	–	–	–	Fajardo Sugar
Fajardo Development Co.	–	–	–	Fajardo Sugar
Loiza Sugar Co.	–	–	–	Fajardo Sugar
South Porto Rico Sugar Co.	17,872,990	$5,000,000	3,581,000	– –
Russell & Co., S. en C.	–	–	–	– –
United Porto Rican Sugar Co.	5,737,020		3,500,000	– –
United Porto Rican Sugar Co. of P. R.	–	–	–	United Porto Rican
Juncos Central Co.	–	–	–	United P. R. Sugar of P. R.
Central Pasto Viejo, Inc.	–	–	–	United P. R. Sugar of P. R.
Caguas Sugar Co.	–	–	–	United P. R. Sugar of P. R.
Central Cayey, Inc.	–	–	–	United P. R. Sugar of P.R.
Central Santa Juana	–	–	–	United P. R. Sugar of P. R.
Central Coloso, Inc.	750,000	1,087,600	892,237	– –
Central Eureka, Inc.	120,000	–	–	– –
Central Juliana, Inc.	98,750	75,000	–	– –
Central Victoria, Inc.	600,000	–	400,000	– –
El Ejemplo Sugar Co.	1,000,000	–	–	– –
Magayez Sugar Co.	250,000	–	–	– –

The Porto Rico Telephone Company belongs to the International Telephone and Telegraph Corporation system and had over 12,000 telephones in service in 1928. Capitalization consists of 12,000 shares of common stock and 2,518 shares of 8% preferred stock, both of $100 par value. There are also outstanding $760,500 of first mortgage 6% bonds, due in 1944.

Most of the railways on the island are controlled and exploited by the American-controlled sugar companies. The same applies also to a large extent to the public utility concerns, including the Porto Rico Gas & Coke Company, which supplies gas to San Juan, serving a population of 85,000. The company was organized in 1922 in Delaware with 2,500 shares of common of $25 par value and 5,000 shares of 6% preferred of $100 par value. There are also outstanding $494,500 of first mortgage 6% bonds, due in 1952. The company is controlled by the Islands Gas & Electric Company.

The Cuba Distilling Company, controlled by United States Industrial Alcohol, owns all the stock of the Porto Rico Mercantile Company.

Other American interests include the Universal Leaf Tobacco Company, the Minute Tapioca Company of Massachusetts, the National City Bank branches and the steamship companies.

The Porto Rican American Tobacco Company, organized in 1899 under the laws of New Jersey, controls through stock ownership the Porto Rican American Tobacco Company of Porto Rico, which was incorporated in 1919 with $10,000,000, of which $6,860,000 has been issued, all of which is owned by the New Jersey corporation. The properties consist of two factories for the manufacture of cigars and cigarettes and one box factory in San Juan; seven cigar factories; and three additional factories having a combined capacity of over 250,000,000 cigars and 500,000,000 cigarettes annually. Another subsidiary, the New York & Tampa Cigar Company, acquired in 1921 the business of M. Alvarez & Company and the Industrial

Company of Porto Rico. The company further controls the Porto Rican Leaf Tobacco Company, organized in 1921, with $500,000 capital stock.

The Texas Company was incorporated in Porto Rico in 1919 as a subsidiary of the Texas Corporation. Capitalization consists of 1,000 shares of $100 par value.

Among the public issues in the United States have been:

Securities	Amount Issued
1914	
Porto Rico Tel. Co. 6's, 1944	$600,000
1921	
Porto Rico American Tobacco Co. 8's, 1931	3,000,000
1929	
People of Porto Rico 4½'s, 1954	320,000 [1]
Fojardo Sugar Co.	8,500,000
Central Aguirre Sugar Co.	6,000,000

Salvador

Salvador is the smallest Central American republic, having an area of 13,176 square miles and a population of 1,680,000.

Of the population, 20% is pure Indian, mostly small farm owners, who cultivate their own lands intensively with a sufficient supply of manual labor. The main crop is coffee, of which 75% is raised on small properties, owned by the population. The annual coffee crop is about 90,000,000 pounds.

Sugar, cotton, indigo and henequen, corn and balsam are also raised, but to a large extent for domestic use.

The United States furnishes 60% of the total imports, but receives only 30% of the total exports, France and Germany being the principal importers of Salvador's coffee.

Public Finance. Prior to 1921, when a default occurred, all loans of Salvador were floated in Great Britain. A loan

[1] Price to public, $102,430.

contract of June 24, 1922, as modified on January 5 and September 28, 1923, created three series of bonds to effect a settlement of Salvador's external and internal debts by means of successive liens on customs revenues, of which 70% are directly applicable to paying the interest and sinking fund requirements. The first loan under this agreement was the $6,000,000 Series A 8% 1948 bonds, which were issued in the United States after the Department of State had consented to arrange for arbitration of disputes and to nominate a receiver in case of default. Series B bonds were £1,050,000 6% due 1957, and Series C were $10,500,000 7% bonds due in 1957, of which $6,500,000 was issued in Salvador in 1923. The remainder of $4,000,000 was issued in 1924 and 1926. Service on the dollar bonds is effected through a fiscal representative of the interested United States banking companies resident in San Salvador, who remits funds to New York. A series of treasury certificates was sold in New York amounting to $1,800,000, as follows:

$1,000,000 three-year certificates, 8%, 1925, to New York bankers;

Five-year certificates amounting to $437,500, maturing in 1930, to the International Railways of Central America;

Six-year certificates for $62,500, maturing in 1930, to the International Railways of Central America;

Six-year certificates for $30,000, maturing in 1930, to R. W. Hebard & Company.

The proceeds of the refunding loans and of the treasury certificates issued in 1926 for the paving of the city of San Salvador were about as follows: [1]

Series A, for $6,000,000	$5,433,333
Series B, for £1,050,000	5,250,000
Series C, for $10,500,000	10,500,000
Treasury certificates, 1926	1,800,000
	$22,983,333

[1] Kimber's Record of Government Bonds (1928).

This amount was applied as follows:

Conversion of sterling loans	$5,250,000
For public works	4,232,500
Railway subsidies in arrears	2,352,084
Interest arrears on sterling loans	783,211
Payment of floating indebtedness and expenses in connection with loans	10,365,538
	$22,983,333

The public debt as of December 31, 1927, was composed as follows: [1]

PUBLIC DEBT OF SALVADOR, 1927

EXTERNAL DEBT	
Custom Lien S. F. Loans:	
Series A, 8%, 1948 ($6,000,000)	$4,859,500
Series B, 6%, 1957 (£1,050,000)	4,739,618
Series C, 7%, 1957 ($10,500,000)	9,874,300
Treasury certificates, 1926, 8%	1,800,000
Bank loan, 1927	250,000
Total external debt	$21,523,418
INTERNAL DEBT	
Funded:	
Salvador bonds of 1899	$276,496
Interest on above	168,146
Floating:	
Deposits	105,397
Budget arrears	532,637
Due banks and others	1,643,900
Total internal debt	$2,726,582
Total public debt	$24,250,000

The unit of currency in Salvador is the colon, par $0.50, established by the monetary law of September, 1919. It maintains about par on foreign exchange.

[1] James C. Corliss, *Latin American Budgets*, Part IV, p. 51 (Department of Commerce, Trade Information Bulletin, No. 564).

Investments. The International Railways of Central America owns 158 of the 252 miles of railway,[1] and in 1929 completed 138 additional miles.

Central American Mines, Inc., was organized in 1923 under the laws of Delaware to acquire the assets of El Salvador Silver Mines Co. It owns $750,000 capital stock of the Butters-Divisadero Co. of California; $51,750 of the Butters-Potosi Consolidated Mines of Nevada; and $476,287 of the Monte Mayor Mines of Delaware. The company owns and operates gold and silver mines in Salvador.

R. W. Hebard & Co. constructed the sanitary works at San Salvador.

The Occidental Bank, capital $5,000,000, was organized by San Francisco commercial interests.

Butters Salvador Mines, Ltd., owns properties (including the San Sebastian Mine) amounting to 546 acres of gold-bearing lands located near Santa Rosa. The company was originally English but was taken over by Canadian interests in 1912 and maintains New York offices. It is capitalized at $750,000.

The San Salvador Electric Light Co., controlled by International Power, Ltd., a Canadian company in which American capital is interested, operates light and power services in San Salvador and 16 adjoining municipalities.

In 1913 America's total investments in Salvador amounted to $3,000,000. They have since grown to over $43,000,000. Salvadorean issues placed in the United States within recent years are detailed hereunder:

[1] Robert W. Dunn, *American Foreign Investments* (1926), p. 117.

Securities	Amount Issued	Price
1923		
Salvador 8's, 1948	$6,000,000	100
International Telephone & Telegraph Co.	2,000,000	–
1924		
Salvador 7's, Series "C," 1957	250,000	80½
1926		
Salvador 6½'s, 1929	520,000	99¾
Salvador 8's, 1932	300,000	–
Salvador 7's, Series "C," 1957	1,000,000	92
1927		
Salvador 1 year treasury notes 9%	250,000	–
Int. Railways of C. A. 6½'s, 1947	7,500,000	92
Int. Railways of C. A. 5's, 1972	300,000	80
1928		
Int. Railways of C. A. 5% Pfd.	3,000,000	80½

Island of Trinidad

American investments in Trinidad approximate $4,000,000, largely by the General Asphalt Company. This company owns the entire capital stock (£500,000) of the New Trinidad Lake Asphalt Co., Ltd., which in turn owns a concession expiring in 1930 from the British Government to the asphalt lake in the Island of Trinidad, giving it exclusive rights of exploitation on the payment of $1.60 a ton royalty and the export tax. The lake covers about 114 acres, and borings in the center to the depth of 156 feet have not reached the bottom of the asphalt. In addition, the company owns, in fee, 3,068 acres surrounding Trinidad Asphalt Lake, containing overflow or land asphalt. These holdings are understood to have been increased by 1,850 acres of crown oil lands and oil rights under former crown lands granted in connection with a new mining lease of the asphalt lake which was executed on February 15, 1925. By this lease the company acquired the exclusive right to

mine and ship asphalt from the lake until 1951. The company operates a refining plant of 450 tons daily capacity.

The Trinidad Lake Asphalt Operating Company, Ltd., a subsidiary of General Asphalt Company, was organized in Trinidad in 1925 with a capitalization of 500,000 shares of £1 par value.

Through the Barber Asphalt Co., which is controlled by the General Asphalt Co., the latter owns Trinidad Lake Petroleum Co., Ltd., with a capitalization of £200,000 and the Petroleum Development Co., organized in 1910 under the laws of Trinidad, capitalized at £20,000. The development company has a 21-year lease, from August 24, 1915, from the Government of Trinidad to 2,000 acres of oil-bearing land south of Brighton. It also owns a power plant and pipe lines.

The Trinidad Lake Petroleum Co., Ltd., a subsidiary of General Asphalt Company was organized in Trinidad in 1910. It has a lease from the New Trinidad Lake Asphalt Co. to bore for and produce Petroleum on 3,068 acres, the lease expiring December 31, 1958. It also owns refineries, power plants and pipe lines.

In 1926, American bankers, in conjunction with British interests, organized the Trinidad Oilfields, Inc., with a capitalization of 300,000 shares of no par value. At about the same time, the Trinidad Oil Syndicate was incorporated in Delaware, with a capitalization of $300,000.

The Kern Trinidad Oil Fields, Ltd., a subsidiary of the Kern River Oil Fields of California, Ltd., was organized in 1920 with a capitalization of 500,000 shares of £1 par value. The company owns 5,244 acres in Trinidad, B. W. I., with an average daily output of 800 barrels.

The Caloric Company, a subsidiary of the Pan American Petroleum and Transport Company, was organized in New York in 1911 with an authorized capitalization of 12,500 shares at $100 par value and 7,500 shares of preferred stock also of $100 par value. There are outstanding 8,620 shares of common and 4,000 shares of preferred.

The Bermudez Company, a subsidiary of General Asphalt Company, was organized in New Jersey in 1910 with a capitalization of 1,000 shares of $100 par value.

United States trade with Trinidad and Tobago in 1927 amounted to $13,390,000 and to $14,390,000 in 1928. The increase was entirely due to growing petroleum shipments, United States imports having increased 30% from $7,461,000 to $9,674,000, while the exports decreased 20%, from $5,929,000 to $4,716,000.

APPENDIX I

I. UNITED STATES-LATIN AMERICAN COMMERCE 1913

1. South America

	Imports	Exports	Imports from United States	Exports to United States
Argentina	$492,456,000	$515,220,000	$72,458,000	$24,402,000
Bolivia	21,319,000	36,488,000	1,574,000	218,000
Brazil	324,010,000	315,737,000	50,910,000	101,803,000
Chile	120,274,000	142,802,000	20,089,000	30,413,000
Colombia	27,571,000	33,155,000	7,372,000	14,743,000
Ecuador	8,851,000	15,810,000	2,822,000	3,840,000
Paraguay	7,893,000	5,473,000	480,000	11,000
Peru	29,043,000	43,584,000	8,373,000	14,469,000
Uruguay	52,825,000	71,900,000	6,727,000	2,902,000
Venezuela	19,677,000	28,777,000	7,684,000	9,850,000
Total	$1,103,912,000	$1,208,946,000	$178,489,000	$202,651,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$8,685,000	$10,322,000	$5,241,000	$4,516,000
Guatemala	10,062,000	14,450,000	5,053,000	3,923,000
Honduras	5,133,000	3,181,000	3,457,000	2,765,000
Nicaragua	5,770,000	7,712,000	2,722,000	3,244,000
Salvador	6,099,000	9,411,000	2,407,000	2,677,000
Panama	11,060,000	5,383,000	6,065,000	4,801,000
Cuba	140,133,000	164,070,000	75,288,000	131,187,000
Haiti	8,100,000	11,316,000	5,909,000	1,000,000
Mexico	97,495,000	149,602,000	48,449,000	115,554,000
Dominican Republic	9,272,000	10,470,000	5,832,000	5,630,000
Total	$301,809,000	$385,917,000	$160,423,000	$275,207,000
Grand Total	$1,405,721,000	$1,594,863,000	$338,912,000	$477,948,000

II. UNITED STATES INVESTMENTS IN LATIN AMERICA 1913

1. South America

	Amount	Per Cent of Total	Trade Balance with United States
Argentina	$40,000,000	3.22	−$48,056,000
Bolivia	10,000,000	.80	−1,356,000
Brazil	50,000,000	4.02	+50,893,000
Chile	15,000,000	1.21	+10,324,000
Colombia	2,000,000	.16	+7,371,000
Ecuador	10,000,000	.80	+1,018,000
Paraguay	3,000,000	.32	−369,000
Peru	35,000,000	2.82	+6,096,000
Uruguay	5,000,000	.40	−3,825,000
Venezuela	3,000,000	.24	+2,166,000
Total	$173,000,000	14.00	+$24,262,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$7,000,000	.56	−$725,000
Guatemala	20,000,000	1.61	−1,130,000
Honduras	3,000,000	.24	−692,000
Nicaragua	3,000,000	.24	+1,522,000
Salvador	3,000,000	.24	+270,000
Panama	5,000,000	.40	−1,264,000
Cuba	220,000,000	17.70	+55,899,000
Haiti	4,000,000	.32	−4,909,000
Mexico	800,000,000	64.36	+67,105,000
Dominican Republic	4,000,000	.32	−202,000
Total	$1,069,000,000	86.00	+$115,874,000
Grand Total	$1,242,000,000	100.00	+$140,136,000

III. UNITED STATES–LATIN AMERICAN COMMERCE 1927

1. South America

	Imports	Exports	Imports from United States	Exports to United States
Argentina	$827,103,000	$971,980,000	$163,350,000	$96,961,000
Bolivia	22,743,000	43,704,000	6,561,000	3,665,000
Brazil	387,542,000	431,464,000	111,186,000	199,363,000
Chile	129,510,000	203,943,000	38,440,000	64,381,000
Colombia	121,818,000	124,324,000	48,716,000	87,803,000
Ecuador	9,451,000	12,763,000	5,531,000	5,193,000
Paraguay	11,535,000	13,754,000	2,142,000	95,000
Peru	69,056,000	109,277,000	29,241,000	31,776,000
Uruguay	85,130,000	97,970,000	25,794,000	7,574,000
Venezuela	75,723,000	76,155,000	34,743,000	28,598,000
Total	$1,739,611,000	$2,085,334,000	$465,704,000	$525,409,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$16,311,000	$18,058,000	$8,199,000	$5,942,000
Guatemala	22,685,000	33,951,000	10,006,000	14,461,000
Honduras	10,630,000	17,546,000	8,487,000	9,311,000
Nicaragua	10,208,000	9,025,000	6,778,000	5,016,000
Salvador	14,864,000	14,152,000	6,876,000	1,545,000
Panama	14,516,000	3,905,000	10,015,000	3,553,000
Cuba	257,384,000	322,705,000	159,056,000	255,192,000
Haiti	15,751,000	15,299,000	11,071,000	1,247,000
Mexico	163,589,000	294,700,000	109,152,000	137,815,000
Dominican Republic	27,784,000	31,179,000	18,483,000	10,032,000
Total	$553,722,000	$760,520,000	$348,123,000	$444,114,000
Grand Total	$2,293,333,000	$2,845,854,000	$818,827,000	$969,523,000

IV. GROWTH OF LATIN AMERICAN TRADE

(In thousand dollars — ,000 omitted)

1. South America

	Total Trade			Trade with United States		
	1927	1913	Increase in Per Cent	1927	1913	Increase in Per Cent
Argentina	$1,799,083	$1,007,676	43.97	$260,311	$96,860	168.75
Bolivia	66,447	57,807	14.95	10,226	1,792	470.65
Brazil	819,006	639,747	28.02	310,549	152,713	103.36
Chile	333,453	263,076	26.76	102,821	50,502	104.65
Colombia	246,142	60,726	309.02	136,519	22,115	520.02
Ecuador	22,214	24,661	9.92	10,724	6,662	60.97
Paraguay	25,289	13,366	89.20	2,237	591	278.51
Peru	178,333	72,627	145.56	61,017	12,842	375.14
Uruguay	183,100	124,725	46.80	33,368	9,629	246.55
Venezuela	151,878	48,457	213.43	63,341	17,534	261.25
Total	$3,824,945	$2,312,858	65.38	$991,113	$381,140	160.04

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$34,369	$19,007	80.82	$14,141	$9,757	44.93
Guatemala	56,636	24,512	131.12	24,467	8,976	172.58
Honduras	28,176	8,314	239.30	17,798	6,222	186.05
Nicaragua	19,233	13,482	42.66	11,794	5,966	97.69
Salvador	29,016	15,510	87.08	8,421	5,084	65.64
Panama	18,421	16,443	12.03	13,568	10,866	24.87
Cuba	580,089	304,203	91.96	414,248	206,475	103.89
Haiti	31,050	19,416	59.92	12,318	6,909	78.29
Mexico	458,289	247,097	85.50	246,967	164,003	50.59
Dominican Republic	58,963	19,742	198.67	28,515	11,462	148.78
Total	$1,314,242	$687,726	91.10	$792,237	$435,720	81.82
Grand Total	$5,139,187	$3,000,584	71.28	$1,783,350	$816,860	118.32

V. UNITED STATES INVESTMENTS IN LATIN AMERICA 1929

1. South America

	Amount	Per Cent	Trade Balance with United States	
			1927	1928
Argentina	$611,474,750	10.95	−$66,389,000	−$79,400,000
Bolivia	133,382,250	2.40	−2,896,000	−4,800,000
Brazil	476,040,000	8.53	+88,177,000	+110,600,000
Chile	395,732,800	7.08	+25,941,000	+34,800,000
Colombia	260,532,500	4.66	+39,087,000	+36,000,000
Ecuador	25,000,000	.46	−338,000	−1,300,000
Paraguay	15,250,000	.28	−2,047,000	−800,000
Peru	150,889,000	2.80	−2,535,000	−2,600,000
Uruguay	64,345,800	1.16	−18,220,000	−14,200,000
Venezuela	161,565,000	2.91	−6,145,000	+1,100,000
Total	$2,294,212,100	41.06	+$54,635,000	+$79,400,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$35,700,000	.64	−$2,257,000	−$2,500,000
Guatemala	38,225,000	.68	+4,455,000	−3,700,000
Honduras	12,967,000	.23	+824,000	+2,600,000
Nicaragua	24,000,000	.43	−1,762,000	−1,900,000
Salvador	15,320,000	.26	−5,331,000	−4,400,000
Panama	36,381,000	.65	−28,700,000	−27,700,000
Cuba	1,525,900,000	27.31	+96,136,000	+74,800,000
Haiti	30,743,000	.55	−9,824,000	−11,100,000
Mexico	1,550,096,000	27.68	+28,663,000	+8,800,000
Dominican Republic	23,950,000	.43	−8,451,000	−7,400,000
Total	$3,293,282,000	58.92	+$73,753,000	+$27,500,000
Grand Total	$5,587,494,100	100.00	+$127,888,000	+$106,900,000

VI. GREAT BRITAIN–LATIN AMERICAN COMMERCE 1913

1. South America

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Argentina	$492,456,000	$515,220,000	$152,883,000	$128,293,000
Bolivia	21,319,000	36,488,000	4,322,000	29,497,000
Brazil	324,010,000	315,737,000	79,289,000	41,599,000
Chile	120,274,000	142,802,000	36,109,000	55,548,000
Colombia	27,571,000	33,155,000	5,640,000	4,470,000
Ecuador	8,851,000	15,810,000	2,624,000	1,662,000
Paraguay	7,893,000	5,473,000	2,283,000	1,000
Peru	29,043,000	43,584,000	7,625,000	16,232,000
Uruguay	52,825,000	71,900,000	12,908,000	8,042,000
Venezuela	19,677,000	28,777,000	4,225,000	2,163,000
Total	$1,103,912,000	$1,208,946,000	$307,918,000	$287,467,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$8,685,000	$10,322,000	$1,303,000	$4,317,000
Guatemala	10,062,000	14,450,000	1,650,000	1,600,000
Honduras	5,133,000	3,181,000	752,000	57,000
Nicaragua	5,770,000	7,712,000	1,151,000	999,000
Salvador	6,099,000	9,411,000	1,660,000	836,000
Panama	11,060,000	5,383,000	2,422,000	59,000
Cuba	140,133,000	164,070,000	17,267,000	18,421,000
Haiti	8,100,000	11,316,000	594,000	800,000
Mexico	97,495,000	149,602,000	12,652,000	15,234,000
Dominican Republic	9,272,000	10,470,000	730,000	241,000
Total	$301,809,000	$385,917,000	$40,181,000	$42,564,000
Grand Total	$1,405,721,000	$1,594,863,000	$348,099,000	$330,031,000

VII. BRITISH INVESTMENTS IN LATIN AMERICA 1913

1. South America

	Amount	Per Cent of Total	Trade Balance with Great Britain
Argentina	$1,860,700,000	37.34	−$24,590,000
Bolivia	2,099,000	.04	+25,175,000
Brazil	1,161,500,000	23.31	−37,690,000
Chile	331,691,000	6.65	+19,439,000
Colombia	34,470,000	.69	−1,170,000
Ecuador	14,505,000	.29	−962,000
Paraguay	15,579,000	.31	−2,282,000
Peru	133,292,000	2.67	+8,607,000
Uruguay	239,727,000	4.81	−4,866,000
Venezuela	41,350,000	.83	−2,062,000
Total	$3,834,913,000	76.95	−$20,401,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$33,300,000	.67	+$3,014,000
Guatemala	52,226,000	1.04	−50,000
Honduras	15,716,000	.32	−695,000
Nicaragua	6,196,000	.12	−152,000
Salvador	11,124,000	.22	−824,000
Panama	–	–	−2,363,000
Cuba	222,223,000	4.46	+1,154,000
Haiti	–	–	+206,000
Mexico	807,622,000	16.21	+2,582,000
Dominican Republic	–	–	−489,000
Total	$1,148,407,000	23.05	+$2,383,000
Grand Total	$4,983,320,000	100.00	−$18,018,000

VIII. GREAT BRITAIN–LATIN AMERICAN COMMERCE 1927

1. South America

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Argentina	$827,103,000	$971,980,000	$171,327,000	$208,168,000
Bolivia	22,743,000	43,704,000	4,408,000	34,811,000
Brazil	387,542,000	431,464,000	82,146,000	14,675,000
Chile	129,510,000	203,943,000	23,836,000	72,862,000
Colombia	121,818,000	124,324,000	15,541,000	21,791,000
Ecuador	9,451,000	12,763,000	1,743,000	792,000
Paraguay	11,535,000	13,754,000	1,266,000	127,000
Peru	69,056,000	109,277,000	10,909,000	32,606,000
Uruguay	85,130,000	97,970,000	13,376,000	18,646,000
Venezuela	75,723,000	76,155,000	10,189,000	2,698,000
Total	$1,739,611,000	$2,085,334,000	$334,741,000	$407,176,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$16,311,000	$18,058,000	$2,433,000	$9,885,000
Guatemala	22,685,000	33,951,000	2,129,000	270,000
Honduras	10,630,000	17,546,000	748,000	2,135,000
Nicaragua	10,208,000	9,025,000	1,170,000	628,000
Salvador	14,864,000	14,152,000	2,398,000	148,000
Panama	14,516,000	3,905,000	1,309,000	65,000
Cuba	257,384,000	322,705,000	11,504,000	31,618,000
Haiti	15,751,000	15,299,000	786,000	790,000
Mexico	163,589,000	294,700,000	10,609,000	22,920,000
Dominican Republic	27,784,000	31,179,000	1,545,000	9,625,000
Total	$553,722,000	$760,520,000	$34,631,000	$78,084,000
Grand Total	$2,293,333,000	$2,845,854,000	$369,372,000	$485,260,000

IX. GROWTH OF LATIN AMERICAN TRADE

(In thousand dollars — ,000 omitted)

1. South America

	Total Trade			Trade with Great Britain		
	1927	1913	Increase in Per Cent	1927	1913	Increase in Per Cent
Argentina	$1,799,083	$1,007,676	78.53	$379,493	$281,176	34.96
Bolivia	66,447	57,807	14.95	39,219	33,819	15.97
Brazil	819,006	639,747	28.02	96,821	120,888	−19.91
Chile	333,453	263,076	26.76	96,698	91,657	5.50
Colombia	246,142	60,726	309.02	37,332	10,110	269.25
Ecuador	22,214	24,661	−9.92	2,535	4,286	−40.85
Paraguay	25,289	13,366	89.20	1,393	2,284	−39.01
Peru	178,333	72,627	145.56	43,515	23,857	82.40
Uruguay	183,100	124,725	46.80	32,022	20,950	52.85
Venezuela	151,878	48,457	213.43	12,887	6,388	101.74
Total	$3,824,945	$2,312,858	65.38	$741,917	$595,385	24.61

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$34,369	$19,007	80.82	$12,318	$5,620	119.04
Guatemala	56,636	24,512	131.12	2,399	3,250	−26.18
Honduras	28,176	8,314	239.30	2,883	809	256.37
Nicaragua	19,233	13,482	42.66	1,798	2,150	−16.38
Salvador	29,016	15,510	87.08	2,546	2,496	2.00
Panama	18,421	16,443	12.03	1,374	2,481	−44.62
Cuba	580,089	304,203	91.96	43,122	35,688	20.83
Haiti	31,050	19,416	59.92	1,576	1,394	13.06
Mexico	458,289	247,097	85.50	33,529	27,886	20.24
Dominican Republic	58,963	19,742	198.67	11,170	971	1050.36
Total	$1,314,242	$687,726	91.10	$112,715	$82,745	36.22
Grand Total	$5,139,187	$3,000,584	71.28	$854,632	$678,130	26.03

X. BRITISH INVESTMENTS IN LATIN AMERICA[1] 1929

1. South America

	Amount	Per Cent of Total	Trade Balance with Great Britain
Argentina	$2,140,104,000	36.28	+$36,841,000
Bolivia	12,512,000	.22	+30,403,000
Brazil	1,413,589,000	23.97	−67,471,000
Chile	389,749,000	6.62	+49,026,000
Colombia	37,870,000	.65	+6,250,000
Ecuador	22,683,000	.39	−951,000
Paraguay	18,276,000	.32	−1,139,000
Peru	140,897,000	2.39	+21,697,000
Uruguay	217,272,000	3.69	−5,270,000
Venezuela	92,141,000	1.58	−7,491,000
Total	$4,485,093,000	76.11	+$61,895,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$27,368,000	.47	+$7,452,000
Guatemala	57,682,000	.99	−1,859,000
Honduras	25,470,000	.44	+1,387,000
Nicaragua	4,003,000	.08	−542,000
Salvador	9,746,000	.18	−2,250,000
Panama	7,500,000	.14	−1,244,000
Cuba	237,801,000	4.04	+20,114,000
Haiti	–	–	+4,000
Mexico	1,034,690,000	17.55	+12,311,000
Dominican Republic	–	–	+8,080,000
Total	$1,404,260,000	23.89	+$43,453,000
Grand Total	$5,889,353,000	100.00	+$105,348,000

[1] For a detailed estimate in 1918 see Frederic M. Halsey, *Investments in Latin America* . . . , p. 20 (Department of Commerce, Special Agents Series, No. 169).

XI. GROWTH OF INVESTMENT AND TRADE UNITED STATES–LATIN AMERICA

1. South America

	1913	1929	Increase (in Per Cent)	Increase in Trade with United States 1913-1927 (in Per Cent)
Argentina	$40,000,000	$611,474,750	1,428.68	168.75
Bolivia	10,000,000	133,382,250	1,233.82	470.65
Brazil	50,000,000	476,040,000	852.08	103.36
Chile	15,000,000	395,732,800	2,604.88	104.65
Colombia	2,000,000	260,532,500	12,926.67	520.02
Ecuador	10,000,000	25,000,000	150.00	60.97
Paraguay	3,000,000	15,250,000	408.33	278.51
Peru	35,000,000	150,889,000	331.11	375.14
Uruguay	5,000,000	64,345,800	1,186.92	246.55
Venezuela	3,000,000	161,565,000	5,252.17	261.25
Total	$173,000,000	$2,294,212,100	1,226.13	160.04

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$7,000,000	$35,700,000	410.00	44.93
Guatemala	20,000,000	38,225,000	91.12	172.58
Honduras	3,000,000	12,967,000	332.23	186.05
Nicaragua	3,000,000	24,000,000	700.00	97.69
Salvador	3,000,000	15,320,000	410.67	65.64
Panama	5,000,000	36,381,000	627.62	24.87
Cuba	220,000,000	1,525,900,000	593.59	103.89
Haiti	4,000,000	30,743,000	668.57	79.29
Mexico	800,000,000	1,550,096,000	93.76	50.59
Dominican Republic	4,000,000	23,950,000	498.75	148.78
Total	$1,069,000,000	$3,293,282,000	208.07	81.82
Grand Total	$1,242,000,000	$5,587,494,100	349.88	118.32

XII. GROWTH OF INVESTMENTS AND TRADE GREAT BRITAIN–LATIN AMERICA

1. South America

	1913	1929	Increase (in Per Cent)	Increase in Trade with Great Britain 1913-1927 (in Per Cent)
Argentina	$1,860,700,000	$2,140,104,000	15.02	34.96
Bolivia	2,099,000	12,512,000	496.09	15.97
Brazil	1,161,500,000	1,413,589,000	23.43	−19.91
Chile	331,691,000	389,749,000	17.50	5.50
Colombia	34,470,000	37,870,000	9.86	269.25
Ecuador	14,505,000	22,683,000	56.38	−40.85
Paraguay	15,579,000	18,276,000	17.31	—39.01
Peru	133,292,000	140,897,000	5.71	82.40
Uruguay	239,727,000	217,272,000	−9.37	52.85
Venezuela	41,350,000	92,141,000	122.83	101.74
Total	$3,834,913,000	$4,485,093,000	16.95	24.61

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$33,300,000	$27,368,000	−17.81	119.04
Guatemala	52,226,000	57,682,000	10.45	−26.18
Honduras	15,716,000	25,470,000	62.06	256.37
Nicaragua	6,196,000	4,003,000	−35.39	−16.38
Salvador	11,124,000	9,746,000	−12.39	2.00
Panama	–	7,500,000	–	−44.62
Cuba	222,223,000	237,801,000	7.01	20.83
Haiti	–	–	–	13.06
Mexico	807,622,000	1,034,690,000	28.12	20.24
Dominican Republic	–	–	–	1,050.36
Total	$1,148,407,000	$1,404,260,000	22.28	36.22
Grand Total	$4,983,320,000	$5,889,353,000	18.18	26.03

XIII. ECONOMIC DEVELOPMENT

Country	Population	Highway Miles per 1,000 Inhabitants	Railway Miles per 1,000 Inhabitants	Telephone Instruments per 1,000 Inhabitants
United States	120,013,000	194.9	20.8	148.0
Argentina	10,647,000	25.1	22.3	19.2
Bolivia	2,599,000	.9	4.1	.7
Brazil	40,543,000	3.4	4.8	2.6
British West Indies	1,826,000	7.9	2.3	5.6
Chile	4,025,000	4.8	13.3	7.6
Colombia	7,283,000	1.4	1.8	2.6
Costa Rica	472,000	3.1	8.8	5.0
Cuba	3,568,000	12.7	8.4	17.9
Dominican Republic	1,022,000	4.0	1.1	1.6
Ecuador	2,000,000	.8	2.7	2.3
French West Indies	243,000	11.3	–	3.1
Guatemala	2,454,000	1.1	2.4	1.0
Haiti	2,550,000	.8	.6	.5
Honduras	740,000	.7	13.5	2.2
Mexico	15,000,000	3.9	9.1	3.8
Nicaragua	650,000	.9	2.6	1.7
Panama	500,000	9.8	5.9	15.5
Paraguay	1,000,000	1.0	5.2	.4
Peru	5,500,000	2.0	3.9	2.4
Porto Rico	1,456,000	9.5	2.3	9.2
Salvador	1,680,000	1.1	2.1	2.1
Uruguay	1,720,000	20.2	10.6	15.7
Venezuela	3,089,000	4.4	2.1	4.1

[1] Adapted from "*Measuring the Latin American Market,*" by

OF AMERICAN COUNTRIES[1]

Telegraph Mileage per 1,000 Inhabitants	Percentage of Population in Cities of 25,000 or Over	Percentage of Population able to Read and Write	Purchasing Power Index per Capita	Imports per Capita	Imports from United States per Capita
16.8	51	92	100.00	$34.57	–
19.1	35	60	31.85	80.10	$20.66
2.7	9	30	–	8.73	2.54
2.5	13	26	7.74	9.73	2.81
.8	–	–	–	40.94	6.14
11.3	27	44	15.74	32.51	9.90
2.6	17	25	4.83	16.34	7.09
4.6	11	30	–	34.60	17.30
3.4	24	48	16.85	72.00	45.00
.3	3	41	10.49	27.15	17.37
2.3	11	20	–	4.96	2.38
.5	–	–	–	22.00	7.10
2.0	15	25	4.38	10.20	4.46
.5	5	10	4.37	6.86	5.24
5.2	4	28	–	15.19	12.08
5.8	15	38	11.03	11.28	7.24
2.8	17	20	–	15.84	12.38
8.4	19	26	9.65	29.00	22.63
2.7	20	40	–	14.26	3.07
2.0	10	24	6.13	12.97	5.18
.2	–	–	–	76.30	68.35
1.2	18	35	–	9.01	4.53
3.7	30	62	14.82	49.50	14.95
2.6	9	29	9.41	22.95	12.73

George J. Eder, *Commerce Reports*, February 18, 1929, p. 387.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA

[In addition to detailed information presented in the text regarding the more important oil companies in which American capital is interested, there is presented hereunder, in tabular form, a list of oil corporations operating in Latin American republics.]

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Adrian Petroleum Co.	600,000	Mexico	Atlantic Lobos
American British Oil Co.	–	Venezuela	Standard Oil Co. of Venezuela
American Maracaibo	386,000 [1]	Colombia, Venezuela	– – –
Andes Petroleum Corp.	1,667,570 [1]	Venezuela	– – –
Apure-Venezuela Petroleum Corp.	500,000 [1]	Venezuela	Venezuelan Petr.
Atlantic Gulf Oil Co.	200,000	West Indies	Warner Quinlan
Atlantic Lobos Oil Co.	10,000,000; 499,433 [1]	Mexico	– – –
Atlantic Refining Co., Brazil	1,000,000	Brazil	Atlantic Refining
Bankers Company of Colombia	–	Colombia	Colombia Oil Conc.
Barclay Petroleum Corp.	–	Mexico	– – –
Beacon Sun Co.	–	Colombia	Beacon Oil Company
Bermudez Co.	100,000	Venezuela	General Asphalt
Bogota Syndicate of N. Y.	5,000 [1]	Colombia	– – –
British Equatorial Oil Co.	3,262,500	Venezuela	Lago Oil & Transport
British Guiana Oilfields, Ltd.	–	British Guiana	Intercontinent Pet.
British Zulia Oil Co.	–	Venezuela	Lago Oil & Transport

Cabric Co.	–	Brazil	Pan Am. Petroleum
Cachavi Company	–	Ecuador	Intercontinent Petr.
Cachavi Syndicate	–	Ecuador	Intercontinent Petr.
California Investment Co.	–	Mexico	Venezuela-Mex. Oil
California Petroleum Co.	70,000	Venezuela	California Petr. Corp. Pantepec Oil Co.
California Standard Oil Co. de Mexico	1,000 [1]	Mexico	Standard Oil of Calif.
Caloric Company	1,262,000	Brazil	Pan American Petr.
Caracas Syndicate	2,715,875	Venezuela	– – –
Carib Company	268,825	– –	Carib Syndicate
Carib Syndicate, Ltd.	137,500	Venezuela Colombia	– – –
Caribbean Petroleum Co.	27,243,600	Venezuela	General Asphalt
Central Area Exploitation Co.	3,125,000	Venezuela	Standard Oil of N. J.
Colombian-American Corp.	–	Colombia	– – –
Colombian Atlantic Refining Co.	100,000	Colombia	Atlantic Refining
Colombia Oil Concessions, Inc.	750,000 [1]	Colombia	– – –
Colombian Petroleum Co.	5,000,000	Colombia	South Am. Gulf Oil Carib Syndicate
Compania Colombiana de Petroleo	–	Colombia	Colombian Petr. Corp.
Cia. de Gas y Combustible "Imperio"	100,000	Mexico	Cities Service
Cia. de Terrenos Petroliferos "Imperio"	50,000	Mexico	Cities Service
Cia. Emmex de Petroleo y Gas	–	Mexico	Cities Service
Cia. Internacional de Pet y Oleoductos	–	Mexico	Int. Petroleum
Cia. La Macarena	–	Mexico	Union Oil of Calif.
Cia. Mexicana de Petroleo "Union"	25,000	Mexico	Union Oil of Calif.
Cia. Mex. de Terrenos y Petroleo	–	Mexico	Int. Petroleum
Cia. Nacional de Pet. y Oleoductos	–	Mexico	Mexican Seaboard
Cia. Nueva de Petroleo Mexicana	–	Mexico	Mexico Oil Corp.

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Cia. Petrolera del Agwi	$625,000	Mexico	– – –
Cia. Pet. Franco Espanola	–	Mexico	Cons. Oil Cos. of Mexico
Cia. Transcontinental de Petroleo	2,000,000	Mexico	– – –
Cia. Venezolana de Fomento	–	Venezuela	Venezuelan Holding
Cia. Venezolana de Petroleo	965,000	Venezuela	– – –
Colon Development Co.	–	Venezuela	Carib Syndicate
Colon Oil Corp.	10,000,000 2,200,000 [1]	Venezuela	– – –
Condor Oil Co.	737,500 [1] 600,000	Venezuela	Creole Syndicate
Consolidated Oil Companies of Mexico	4,163,536	Mexico	Marland Oil Co. of Mexico
Continental Mexican Petroleum Co.	500,000	Mexico	General Petroleum
Cosden & Co.	–	South America	– – –
Cordillera Petroleum Corp.	1,000 [1]	Venezuela Colombia	Venezuelan Petr.
Cortez-Aguada Petroleum Corp.	150,000	Mexico	Atlantic Lobos
Creole Oil Corporation	–	Venezuela	Gulf Oil Corp.
Creole Petroleum Corp.	5,978,900 [1]	Venezuela	Standard Oil of N. J.
Cucuta Syndicate of N. Y.	–	Colombia	– – –
Eastern Zamora Oilfields	25,000 [1]	Venezuela	Venezuelan Petroleum
Emerald Oil Co.	–	Colombia	– – –
Empire Pipe Line Co. of Mexico	25,000	Mexico	Cities Fuel & Power
English Oil Co.	5,000	Mexico	Intercontinent Petr.

Esperanza Petroleum Corp.	630,000	Venezuela	Amerada Corporation
Equatorial Oil Co.	15,000,000	Colombia	Carib Syndicate
Falcon Oil Corp.	7,856,000	Venezuela	– – –
Galena-Signal Oil Company, S. A.	–	Argentina	Texas Corporation
Globe Oil Company	–	Mexico	Globe Petroleum
Globe Petroleum Corp.	3,112,530	Mexico	– – –
Granada Oil Corp.	–	Colombia	– – –
Guatemala Syndicate	7,500,000	Guatemala	Intercontinent Petr.
Guiana Oil Syndicate	–	British Guiana	Intercontinent Petr.
Gulf Coast Corporation	850,000	Mexico	Cities Fuel & Power
Hidalgo Petroleum Co.	1,205,000	Mexico	– – –
Huasteca Petroleum Co.	14,680,000	Mexico	Mexican Pet. Co., Ltd.
Intercontinent Petroleum Co.	25,000,000	Colombia, Venezuela, Guatemala	– –
Intercontinent Petroleum Corp.	4,866,165	Mexico, Central America, South America	
International Petroleum Co., Ltd.	500,000 14,304,808 [1]	South America	– –
International Petroleum Co. of Maine	–	Mexico	Mexican Seaboard
International Petroleum Co.	600,000	Mexico	Mexican Seaboard Oil
Kern Mex. Oilfields, Ltd.	25,000	Mexico	Kern River
Kern Mexican Oilfields	12,500	Mexico	Kern River Oilfields

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Kern River Oilfields of Calif., Ltd.	$7,500,000	Mexico Trinidad	– – –
Kern River Trinidad Oilfields, Ltd.	2,500,000	Trinidad	General Asphalt
Kern Trinidad Oilfields, Ltd.	2,056,315	Trinidad	Kern River
"La Atlantica" Cia. Mex. Prod. y Rafin. de Petroleo	50,000	Mexico	Atlantic Lobos
Lago Oil & Transport Co., Ltd. of Canada	2,500,000 10,000 [1]	Venezuela	Lago Oil & Transport
Lago Oil & Transport Corp.	3,992,394 [1]	Venezuela	Pan Am. Petr.
Lago Petroleum Corp.	4,000,000 [1]	Venezuela	Lago Oil & Transport
Lago Shipping Co. of Great Britain	50,000 [1]	– –	Lago Oil & Transport
Lagunita Oil Company	700,000	Mexico	Cities Fuel & Power
Latin American Petroleum Co.	–	Colombia	Latin Am. Petr. Corp.
Latin American Petroleum Corp.	21,000,000	Colombia	Standard Oil of Calif.
Leonard Oil Development Co.	46,401,300	Ecuador Colombia	– – –
Magdalena Syndicate	850,000	Colombia	– – –
Mara Exploration Co.	2,000 [1]	Venezuela	Maracaibo Oil Expl.
Maracaibo Oil Exploration Co.	330,000 [1]	Venezuela	– – –
Maracaibo Oil Exploration Corp.	–	Venezuela	Gulf Oil Corporation
Marland Oil Co. of Mexico	2,000,000	Mexico	Continental Oil Co.
Maxudian Petroleum Corp.	801,480 [1]	Venezuela	Venezuela Maxudian Oil

Mene Grande Oil Corp.	21,400 [1]	Venezuela	– – –
Merida Oil Corp.	–	Venezuela	Creole Syndicate
Mexican Gulf Oil Company	200,000	Mexico	Gulf Oil Corp.
Mexican Petroleum Co., Ltd.	65,394,200	Mexico	Pan American Petro.
Mexican Petroleum Co. of Calif.	6,576,994	Mexico	Mex. Pet., Ltd.
Mexican Petroleum Co. of Louisiana	1,594,600	Mexico	Mex. Pet., Ltd.
Mexican Petroleum Corp.	–	Mexico	Mex. Pet., Ltd.
Mexican Seaboard Oil Co.	2,800,000 1,000,000 [1]	Mexico Venezuela	– –
Mexican Sinclair Petroleum Corp.	–	Mexico	Sinclair Consolidated
Mexico Ohio Oil Co.	400,000 [1]	Mexico	Ohio Oil Co.
Mexico Oil Corp.	1,500,000	Mexico	– –
Mid-Colombian Oil Development Co.		Colombia	Transcontinental Oil Standard Oil of Calif.
Miranda Exploration Co.	2,000 [1]	Venezuela	Maracaibo Oil Expl.
National Venezuela Oil Corp.	4,500,000	Venezuela	– – –
Nato Petroleum Corp.		Colombia	Magdalena Synd. Granada Oil
New England Fuel Oil Co.	250,000	Mexico	– – –
New England Oil Corp., Ltd.	10,000	Venezuela	New England Oil Corp.
New York & Bermudez Co.	1,000,000	Venezuela	General Asphalt
North American Leasing Corp.		Mexico	Venezuelan Mex. Oil
Ohio Mexican Oil Corp.		Mexico	Mexico Ohio Oil Co.
Ohio Mexico Oil Corp.	5,000,000	Mexico	– – –
Orinoco Oil Co.		Venezuela	Pure Oil Co.
Otontepec Petroleum Co.		Mexico	Venezuelan-Mex. Oil

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Panama Gulf Oil Co.	$25,000 [1]	Panama Central America	Gulf Oil Corp.
Pan American Petroleum & Transp. Co.	230,171,000	Mexico Venezuela	– – –
Pantepec Oil Co. of Venezuela	1,507,300 [2]	Venezuela	– – –
Panuco Boston Oil Co.	1,000,000	Mexico	Atlantic Oil Prod.
Penn-Mex. Fuel Co.	10,000,000	Mexico	South Penn Oil
Perija Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Perpetual Petroleum Corp.	2,000,000	Guatemala	– – –
Petroleum Development Co.	100,000	Trinidad	General Asphalt
Piez Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Prudential Oil Co.	–	Colombia	Carib Syndicate
Refineria Petrolera Occidental	–	Mexico	Rio Grande Oil Co.
Richmond Petroleum Co.	500,000	Venezuela	Standard Oil of Calif.
Richmond Petroleum Co. of Colombia	–	Colombia	Standard Oil of Calif.
Richmond Petroleum Co. of Mexico	–	Mexico	Standard Oil of Calif.
Richmond Petroleum Co. of Venezuela	–	Venezuela	Standard Oil of Calif.
Rico Oil Company	–	Colombia	– – –
Rio Palmer Land & Timber Corp.	–	Venezuela	Creole Syndicate
Rio Palmer Oilfields Corp.	–	Venezuela	Creole Syndicate
Sinclair Central American Corp.	1,000,000 [2]	Panama	Venezuelan Pet.
Sinclair Cuba Co.	–	Cuba	Sinclair Consol.

Sobrantes Oil Co.	60,780	Venezuela	Simms Petroleum
S. A. de Galena-Signal	–	Brazil	Texas Corporation
Soc. Pet. Izabal-Castellanos y Cia.	275,000	Guatemala	– – –
Sogamosa Petroleum Corp.	5,000,000 [3]	Colombia	– – –
South American Oil & Development Co.	–	Venezuela	Venezuelan Int.
South American Gulf Oil Co.	25,000	Colombia	Gulf Oil Corp.
South American Oil Co.	5,000,000	Colombia	– –
South American Oilfields	2,500,000	Colombia, Venezuela	– – –
Southern Exploration Co.	100,000	Guatemala	– – –
Southern Fuel & Refining Co.	995,000	Mexico	Cities Fuel & Power
Standard Oil Co. of Brazil	500,000	Brazil	Standard of N. J.
Standard Oil Co. of Bolivia	8,250,000	Bolivia	Standard of N. J.
Standard Oil Co. of Cuba	–	Cuba	Standard Oil of N. J.
Standard Oil Co. of Venezuela	–	Venezuela	Creole Syndicate
Standard Oil Co. of Venezuela, Inc.	–	Venezuela	Creole Syndicate
Sucre Oil Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Sun Oil Co. of Mexico	–	Mexico	Sun Oil Co.
Tal-Vez Oil Co.	50,000	Mexico	Southern Oil & Transport
Tamihua Petroleum Co.	1,000,000	Mexico	Mex. Pet. Co., Ltd.
Tampascas Oil Co.	20,000	Mexico	Lagunita Oil Co.
Taranco & Co.	–	Uruguay	Texas Corporation
Texas Company of Mexico	1,750,000	Mexico	Texas Corporation
Texas Co. (Caribbean)	150,000	Venezuela	Texas Corporation
Texas Company (W. I.), Ltd.	200,000	Cuba	Texas Corporation
Texas Company (Porto Rico)	100,000	Porto Rico	Texas Corporation

[1] Operations suspended and equipment shipped to Colombia after spending $1,000,000 in exploration and drilling work in Panama.
[2] Represents number of shares without par value.
[3] Represents common stock, authorized but not issued.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Concluded*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Texas Company of South America	$100,000	Brazil	Texas Corporation
Texas Petroleum Co.	7,500,000	Venezuela	Texas Corporation
Torcoroma Corporation	2,000,000	Colombia	– – –
Trinidad Lake Asphalt Operating Co.	2,500,000	Trinidad	General Asphalt
Trinidad Lake Petroleum Co., Ltd.	1,000,000	Trinidad	General Asphalt
Trinidad Oilfields Operating Co.	--	Trinidad	West Indies Oil
Tropical Oil Co.	39,375,000	Colombia	Int. Petroleum
Tuxpan Oil Co.	60,000 30,000 [1]	Mexico	Producers Oil Corp.
Tuxpam Petroleum Co.	1,000,000	Mexico	Mex. Pet. Co., Ltd.
Union Co. of Mexico		Mexico	Union Oil of Calif.
Union National Petroleum Co.	70,000 [2]	Venezuela	Union Oil Co. of Calif.
Union Oil Co. of California	–	Mexico Colombia Venezuela	– – –
Union Oil Co. of Mexico	–	Mexico	Union Oil of Calif.
Urdaneta Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Venezuela-Colombian Corp.	-	Venezuela Colombia	South Am. Oilfields
Venezuela Gulf Oil Co.	–	Venezuela	Gulf Oil Corp.
Venezuela-Mexicana Oil Corp.		Mexico Venezuela	– - -

Venezuela Maxudian Oil Co.	746,956[1]	Venezuela	– – –
Venezuela Oilfields	–	Venezuela	South Am. Oilfields
Venezuela Petroleum Co.	–	Venezuela	Gulf Oil Corp.
Venezuelan Atlantic Refining Co.	100,000	Venezuela	Atlantic Refining Co.
Venezuelan Holding Corp.	127,110[2]	Venezuela	– – –
Venezuelan International Corp.	–	Venezuela	Creole Syndicate
Venezuelan Mexican Oil Corp.	7,436,640	Mexico	– – –
Venezuelan Seaboard Oil Co.	50,000[2]	Venezuela	Mexican Seaboard Oil
Vincox Oil Co.	–	Venezuela	Venezuela Maxudian
Warner-Quinlan Company	–	Mexico	– – –
Webster Syndicate	–	Venezuela	Creole Syndicate
West India Oil Co.	–	West Indies	Standard of N. J.
West Venezuela Oil Co.	–	Venezuela	Intercontinent Pet.
Woodburn Oil Co.	–	Venezuela	Simms Petroleum
Zamora-Venezuela Petroleum Corp.	300,000[2]	Venezuela	Venezuelan Petr.

[1] Represents preferred stock, authorized but not issued.
[2] Represents number of shares without par value.

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